CORRECTED CITY COUNCIL AGENDA

Notice is hereby given that the Rockport City Council will hold a regular meeting on Tuesday, May 25, 2021, at 6:30 p.m. The meeting will be held in person with social distancing guidelines and using the video conferencing application ZOOM. A temporary suspension of the Open Meetings Act to allow telephone or video conference public meetings has been granted by Governor Greg Abbott. These actions are being taken to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting and in accordance with Section 418.016 of the Texas Government Code. Video conferencing capabilities will be utilized to allow individuals to address the City Council. Members of the public can participate in the meeting remotely via Zoom at https://us02web.zoom.us/j/84001466185 or scan the QR code to the right.

SCAN ME

Due to the COVID-19 pandemic, the attorney general has said: "statutes that may be interpreted to require face-to-face interaction between members of the public and public officials are suspended; provided, however, that the governmental bodies must offer alternative methods of communicating with their public officials." Public participation is valued and citizens wishing to express their views on any topic or agenda item can electronically submit a citizen participation form in order to register to speak by going to https://rockport.seamlessdocs.com/f/CouncilCitizenParticipation or scanning the QR code to the right, or if attending the meeting in person register at the meeting. Using the same form, citizens can also provide written comments to the City Secretary by 4:00 p.m. on the day of the meeting. The Mayor will read the comments and they will be summarized in the minutes of the meeting.

SCAN ME

The matters to be discussed and acted upon are as follows:

Opening Agenda

1. Call meeting to order.

2. Pledge of Allegiance.

3. Presentation of Certificate of Election to newly-elected official for Ward 1.
   (Presentación de los certificados de elección para recién elegido official de Barrio 1).

4. Administration of Oath of Office to newly-elected official for Ward 1.
   (Administración de se juramento del cargo el recién elegido oficial de Barrio 1.)

5. Presentation of Certificate of Election to newly-elected official for Ward 3.
   (Presentación de los certificados de elección para recién elegido official de Barrio 3).

6. Administration of Oath of Office to newly-elected official for Ward 3.
   (Administración de se juramento del cargo el recién elegido oficial de Barrio 3.)

7. Deliberate and act on election by Council of Mayor Pro-Tem.

8. Proclamation: Joe Gazin Day

9. Proclamation: Rockport-Fulton High School Lady Pirate Softball Team Week

10. Citizens to be heard.

    At this time, comments limited to three (3) minutes will be taken from the audience from persons who have signed the speaker's card located on the table in the back of the Training Room of the Service Center and delivered to the City Secretary before the meeting begins, or written comments received by 4:00 p.m. on the day of the meeting, on any subject matter that is not on the agenda, will be read by the Mayor and summarized in the minutes of the meeting. Persons wishing to address the Council and who have registered using the Citizen Participation Form will have up to three minutes to speak. In accordance with the Open Meetings Act, Council may not discuss or take action on any item that has not been posted on the agenda. While civil public criticism is not prohibited; disorderly conduct or disturbance of the peace as prohibited by law shall be cause for the chair to terminate the offender's time to speak.

Consent Agenda

All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

11. Deliberate and act on approval of Regular Meeting Minutes of May 11, 2021.

12. Deliberate and act on 2nd quarter report from the Texas Marine Science Institute/Mission Aransas National Estuarine Research Reserve for Fiscal Year 2020-2021 Bay Education marketing expenditures.

13. Deliberate and act on request from Rockport Volunteer Fire Department for temporary closure of a portion of Gagon Street and Ann Street from 10:00 a.m. to 2:00 p.m. on June 5, 2021, for Fire Department Anniversary party.

14. Deliberate and act on re-appointment of Municipal Court Judge and Municipal Court Administrator for a term of two years retroactive to November 10, 2020.

15. Deliberate and act on an Ordinance of the City Council of the City of Rockport, Texas, extending a COVID-19 pandemic Declaration of Local Disaster for the period of May 25 – June 22. 2021; establishing rules and regulations for the duration of the disaster; restricting certain activities; and establishing penalties for violations.

16. Deliberate and act on an Ordinance of the City Council of the City of Rockport, Texas, extending a Declaration of Local Disaster (Winter Storm Uri) for the period of May 25 – June 22, 2021, establishing rules and regulations for the duration of the Disaster; and establishing an effective date.

Regular Agenda

17. Deliberate and act on presentation and acceptance of Comprehensive Annual Financial Report for the City of Rockport for Fiscal Year 2019-2020 Audit.

18. Deliberate and act on second and final reading of an Ordinance granting a Conditional Use Permit for mobile food and retail vending for property located at 210 Seabreeze Drive; also known as approximately 80.0 acres of land out of portions of the Aransas County Navigation District No.1 Rockport Beach Park and Festival Grounds property located in the city of Rockport, Aransas County, Texas and being a portion of the 102.5 acres Rockport Harbor patent, Abstract 343 and revised August 12, 1953, and recorded in Volume M3, Page 499,

Deed Records of Aransas County, Texas, along with a portion of Abstract 357 dated November 6, 1953, containing 604.296 acres and recorded in Volume N-3, Page 178, Deed Records of Aransas County, Texas, with said 80.0 acres being a portion of Abstracts 343 and 357; currently zoned R-1 (1st Single Family Dwelling District); subject to compliance with the conditions stated within this Ordinance, as well as those stipulated in the City of Rockport Code of Ordinances; repealing all ordinances in conflict therewith; providing for severability; and providing an effective date.

~~19.~~ Deliberate and act on Memorandum of Understanding with Texas State University, through its Meadows Center and Clean Coast Texas Collaborative program, to promote and improve water quality in Aransas Bay, Copano Bay, and Little Bay. ~~between Aransas County, City of Rockport, Town of Fulton, Aransas County Navigation District and the Meadows Center, the General Land Office representative for the Clean Coast Texas program, related to the Little Bay Restoration Initiative.~~

20. Deliberate and act on a partial assignment and assumption agreement between Rockport Harvey Housing, LLC, and Pearl Point Phase 2, LLC, and authorizing the City Manager to negotiate and execute all necessary documents.

21. Deliberate and act on payment to Gexa Energy for ancillary services and nodal basis adjustment to electric energy costs related to Winter Storm Uri.

22. Hear and deliberate on status of COVID-19 and response efforts.

23. Reports from Council.
    At this time, the City Council will report/update on all committee assignments, which may include the following: Aransas County Alliance Local Government Corporation; Aransas Pathways Steering Committee; Building and Standards Commission; Coastal Bend Bays and Estuaries Program; Coastal Bend Council of Government; Coastal Bend Mayors Group; Park & Leisure Services Advisory Board; Planning & Zoning Commission; Rockport-Fulton Chamber of Commerce; Aransas County Storm Water Management Advisory Committee; Swimming Pool Operations Advisory Committee; Tourism Development Council; Tree & Landscape Committee; YMCA Development Committee; Texas Maritime Museum, Fulton Mansion, Rockport Center for the Arts, Aransas County, Aransas County Independent School District, Aransas County Navigation District, Town of Fulton, and Texas Municipal League. No formal action can be taken on these items at this time.

24. Adjournment.

Special Accommodations

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at (361) 729-2213, ext. 225 or FAX (361) 790-5966 or email citysec@cityofrockport.com for further information. Braille is not available. The City of Rockport reserves the right to convene into executive session under Government Code §§ 551.071-551.074 and 551.086.

Certification

I certify that the above notice of meeting was posted on the bulletin board at the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas on Friday, May 21, 2021, by 6:00 p.m. and on the City's website at www.cityofrockport.com. I further certify that the following News Media were properly notified of this meeting as stated above: *The Rockport Pilot* and *Corpus Christi Caller Times*.


Teresa Valdez, City Secretary

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 3

Presentation of Certificate of Election to newly-elected official for Ward 1.

(Presentación de los certificado de elección para recién elegido oficial de Barrio 1.)

SUBMITTED BY: City Secretary Teresa Valdez *(Secretario de ciudad Teresa Valdez)*

APPROVED FOR AGENDA: PKC

BACKGROUND: Texas Election Code §67.016 requires that, after the completion of a canvass, the presiding officer of the local canvassing authority shall prepare a certificate of election for each candidate who is elected to an office for which the official result is determined by that authority's canvass.

(De la Elección de Tejas §67.016 Código requiere que después de la terminación de un sondeo, el oficial presidente de la autoridad local que solicita preparará un certificado de elección para cada candidato que es elegido a una oficina para que el resultado oficial es determinado por el sondeo de esa autoridad.)

FISCAL ANALYSIS: N/A

STAFF RECOMMENDATION: Staff recommends presentation of Certificate of Election to newly-elected officer by Mayor Patrick R. Rios.

(El personal recomienda presentación de Certificado de Elección a oficiale nuevamente-elegidos por Alcalde Patrick R. Rios.)

Certificate of Election

IN THE NAME AND BY THE AUTHORITY OF

THE STATE OF TEXAS

This to certify that at a General Election held on May 1, 2021

Kathleen "Katy" Jackson

was duly elected

Council Member Ward 1

of the City of Rockport, Texas

In testimony whereof, I have hereunto signed my name and caused the Seal of Rockport to be affixed, this the 25th day of May 2021.

_____

Patrick R. Rios, Mayor

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 4

Administration of Oath of Office to newly-elected official for Ward 1.

(Presentación de los Certificados de Elección para recién elegido oficial de Barrito 1.)

SUBMITTED BY: City Secretary Teresa Valdez (*Secretario de ciudad Teresa Valdez)*

APPROVED FOR AGENDA: PKC

BACKGROUND: Article XVI §1, Texas Constitution prescribes an oath that all officers must take before they enter upon the duties of their offices.

(El artículo XVI §1, Constitución de Tejas prescribe un juramento que todos los oficiales deben tomar antes que entren sobre los deberes de sus oficinas.)

FISCAL ANALYSIS: N/A

STAFF RECOMMENDATION: Staff recommends the Oath of Office be administered to newly- elected City Council Member for Ward 1.

(El personal recomienda juramentos de oficina se administrará a recién elegido miembro del Consejo de la ciudad de Barrio 1.)

In the name and by the authority of

The State of Texas

OATH OF OFFICE

I, Kathleen “Katy” Jackson, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of City Council Member Ward 1 of the City of Rockport, of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

_____
Kathleen “Katy” Jackson

SWORN TO and subscribed before me by affiant on this 25th day of May 2021.

_____
Patrick R. Rios, Mayor
City of Rockport, Texas

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 5

Presentation of Certificate of Election to newly-elected official for Ward 3.

(Presentación de los certificado de elección para recién elegido oficial de Barrio 3.)

SUBMITTED BY: City Secretary Teresa Valdez *(Secretario de ciudad Teresa Valdez)*

APPROVED FOR AGENDA: PKC

BACKGROUND: Texas Election Code §67.016 requires that, after the completion of a canvass, the presiding officer of the local canvassing authority shall prepare a certificate of election for each candidate who is elected to an office for which the official result is determined by that authority's canvass.

(De la Elección de Tejas §67.016 Código requiere que después de la terminación de un sondeo, el oficial presidente de la autoridad local que solicita preparará un certificado de elección para cada candidato que es elegido a una oficina para que el resultado oficial es determinado por el sondeo de esa autoridad.)

FISCAL ANALYSIS: N/A

STAFF RECOMMENDATION: Staff recommends presentation of Certificate of Election to newly-elected officer by Mayor Patrick R. Rios.

(El personal recomienda presentación de Certificado de Elección a oficiale nuevamente-elegidos por Alcalde Patrick R. Rios.)

Certificate of Election

IN THE NAME AND BY THE AUTHORITY OF

THE STATE OF TEXAS

This to certify that at a General Election held on May 1, 2021

Brad L. Brundrett

was duly elected

Council Member Ward 3

of the City of Rockport, Texas

In testimony whereof, I have hereunto signed my name and caused the Seal of Rockport to be affixed, this the 25th day of May 2021.

_____

Patrick R. Rios, Mayor

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 6

Administration of Oath of Office to newly-elected official for Ward 3.

(Presentación de los Certificados de Elección para recién elegido oficial de Barrito 3.)

SUBMITTED BY: City Secretary Teresa Valdez (*Secretario de ciudad Teresa Valdez)*

APPROVED FOR AGENDA: PKC

BACKGROUND: Article XVI §1, Texas Constitution prescribes an oath that all officers must take before they enter upon the duties of their offices.

(El artículo XVI §1, Constitución de Tejas prescribe un juramento que todos los oficiales deben tomar antes que entren sobre los deberes de sus oficinas.)

FISCAL ANALYSIS: N/A

STAFF RECOMMENDATION: Staff recommends the Oath of Office be administered to newly- elected City Council Member for Ward 3.

(El personal recomienda juramentos de oficina se administrará a recién elegido miembro del Consejo de la ciudad de Barrio 3.)

In the name and by the authority of

The State of Texas

OATH OF OFFICE

I, Brad L. Brundrett, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of City Council Member Ward 3 of the City of Rockport, of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

_____
Brad L. Brundrett

SWORN TO and subscribed before me by affiant on this 25th day of May 2021.

_____
Patrick R. Rios, Mayor
City of Rockport, Texas

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 7

Deliberate and act on election by Council of Mayor Pro-Tem.

SUBMITTED BY: City Secretary Teresa Valdez

APPROVED FOR AGENDA: PKC

BACKGROUND: Section 3.04 of the City of Rockport Home Rule Charter (below) states the Mayor Pro-Tem shall be a Councilperson elected by the City Council at the first regular meeting after each election of Council Member and/or Mayor.

> Sec. 3.04 Mayor and Mayor Pro-Tem.
>
> (1) The Mayor shall be the official head of the City Government. He shall be the chairman and shall preside at all meetings of the City Council. The Mayor shall have the same right to vote, as do other Council Members. He shall, when authorized by the City Council, sign all official documents; such as, ordinances, resolutions, conveyances, official plats and bonds. He shall perform such other duties consistent with this Charter as may be imposed upon him by the City Council.
>
> (2) The Mayor Pro-Tem shall be a Councilperson elected by the City Council at the first regular meeting after each election of Council Member and/or Mayor. The Mayor Pro-Tem shall act as Mayor during the disability or absence of the Mayor and in this capacity shall have the rights conferred upon the Mayor.

FISCAL ANALYSIS: N/A

STAFF RECOMMENDATION: Staff recommends election of a Mayor Pro-Tem, as required by Charter.

CITY COUNCIL AGENDA
Regular Meeting: May 25, 2021

AGENDA ITEM: 8

Proclamation: Joe Gazin Day – May 28, 2021

SUBMITTED BY: Mayor Pat Rios

APPROVED FOR AGENDA: PKC

BACKGROUND: KIII news anchor Joe Gazin has been a trusted fixture in local news for 43 years and, after more than 50 years in broadcasting, he is retiring on May 28. See the accompanying proclamation for more information.

FISCAL ANALYSIS: None.

RECOMMENDATION: Not an action item.

PROCLAMATION

WHEREAS, after a prominent 50-year career in broadcasting, Jo Gazin will be retiring from the KIII Channel 3 newsroom effective May 28, 2021; and

WHEREAS, Joe began his broadcasting career at the University of Southern California campus radio and moved on to KABC radio in Los Angeles, becoming one of the pioneers in talk radio shows, having his own 4-hour program sandwiched between then Mayor Tom Bradley and Regis Philbin; and

WHEREAS, after deciding to enter the world of television in 1975, he briefly worked in stations in Wausau and Madison, Wisconsin before deciding to 'ditch the cold' in 1977; and

WHEREAS, Joe has enjoyed the warmer climate of Corpus Christi, Texas and has worked for KIII for 43 years; and

WHEREAS, during his time with KIII, Joe has won several Associated Press awards, including Best Story and Best Newscast, as well as numerous community accolades for public service and fundraising; and

WHEREAS, he also covered stories internationally, most notably from Cuba, China, Colombia, Panama and Mexico; and

WHEREAS, over the years, Joe has covered some of the most dominant stories of the day, such as the major hurricanes starting with Hurricane Allen in 1980, the death of Selena, and the more recent impacts of Hurricane Harvey, COVID-19, and Winter Storm Uri; and

WHEREAS, after more than 50 years as a leader in broadcasting, has announced that effective May 28th, 2021, he will be retiring from the Channel 3 newsroom; and

WHEREAS, Joe has been married to Amy for more than 20 years and has four children - three adults who are excelling in their own careers, and one still at home.

NOW, THEREFORE, BE IT PROCLAIMED, that the City Council of the City of Rockport, Texas does hereby congratulate Joe Gazin upon his retirement and thank him for faithfully reporting the news to the City of Corpus Christi and the whole of the Coastal Bend for the past 44 years; and

BE IT FURTHER PROCLAIMED, that the Council of the City or Rockport does hereby declare Friday, May 28, 2021, to be “Joe Gazin Day” in the City of Rockport and call upon all the citizens of Rockport to recognize his service and sacrifice to the community and the support of his family.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the City of Rockport, Texas, to be affixed this 25th day of May 2021.

CITY OF ROCKPORT, TEXAS

_____

Patrick R. Rios, Mayor

CITY COUNCIL AGENDA
Regular Meeting: May 25, 2021

AGENDA ITEM: 9

Proclamation: Rockport-Fulton High School Lady Pirate Softball Team Week – May 24-28, 2021

SUBMITTED BY: Mayor Pat Rios

APPROVED FOR AGENDA: PKC

BACKGROUND: The Rockport Fulton High School Lady Pirate Softball team has concluded a very successful, history making season. See the accompanying proclamation for more information.

FISCAL ANALYSIS: None.

RECOMMENDATION: Not an action item.

PROCLAMATION

WHEREAS, the Rockport-Fulton High School Lady Pirate softball team recently finished a historic 2021 season with an overall record of 27-3 and a district record of 12-0; and

WHEREAS, Lady Pirates recently had all 18 of its players receive District 26-4A All-District honors following the 2021 Season; and

WHEREAS, Senior pitcher Siarah Galvan was named the District 26-4A Most Valuable Player, Academic All-District, Academic All-State and will continue her playing career at Texas A&M University – Corpus Christi; and

WHEREAS, Senior shortstop Maddie Mann was named the District 26-4A Offensive Player of the Year, Academic All-District, Academic All-State and will continue her playing career at Harding University; and

WHEREAS, Senior catcher Mikey Dominguez was named the District 26-4A Defensive Player of the Year, Academic All-District, Academic All-State and will continue her playing career at Vernon College; and

WHEREAS, Junior third baseman Kelsey Polasek, Junior center fielder Payton Martinez, Junior second baseman Krystal Kutach, and Freshman designated hitter Piper Shearer received First Team All-District honors while Kutach was also named First Team All-District At-Large and each of them also received Academic All-District nods;

WHEREAS, Sophomore first baseman Kymberlyn Gerloff, Sophomore right fielder Alana Garcia, and Freshman left fielder Emma Groseclose received Second Team All-District Honors and Academic All-District nods; and

WHEREAS, Junior outfielder Jordan Garza and Junior infielder Alyssa Rodriguez received Honorable Mention All-District honors with Garza also being listed to Academic All-District; and

WHEREAS, Senior outfielder Lydia Zavala received Academic All-District honors as well as Academic All-State recognition; and

WHEREAS, Junior pitcher Jordan Hall, Junior outfielder Paige Torres, Sophomore infielder Astasia Roe, Sophomore infielder Carlee Kuykendall, and Freshman pitcher Hanna Burney received Academic All-District honors.

NOW, THEREFORE, BE IT PROCLAIMED that the City Council of the City of Rockport, Texas does hereby congratulate the Rockport-Fulton High School Lady Pirate softball team for their outstanding 2021 season; and

BE IT FURTHER PROCLAIMED that the Council of the City or Rockport does hereby declare May 24-28, 2021 to be

"**ROCKPORT-FULTON HIGH SCHOOL LADY PIRATE SOFTBALL TEAM WEEK**"

in the City of Rockport.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the City of Rockport, Texas, to be affixed this 25th day of May 2021.

CITY OF ROCKPORT, TEXAS

_____

Patrick R. Rios, Mayor

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 11

Deliberate and act on approval of Regular Meeting Minutes of May 11, 2021.

SUBMITTED BY: City Secretary Teresa Valdez

APPROVED FOR AGENDA: PKC

BACKGROUND: Please see the accompanying minutes of the Regular Meeting of May 11, 2021.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Staff recommends Council approve the Minutes, as presented.

CITY OF ROCKPORT

MINUTES

CITY COUNCIL REGULAR MEETING
6:30 p.m., Tuesday, May 11, 2021
Rockport Service Center, 3751 State Highway 35 Bypass
and
Via Video Conferencing Application ZOOM

A temporary suspension of the Open Meetings Act to allow telephone or video conference public meetings was granted by Governor Greg Abbott. These actions were being taken to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting and in accordance with Section 418.016 of the Texas Government Code.

Due to the COVID-19 pandemic, the attorney general has said: "statutes that may be interpreted to require face-to-face interaction between members of the public and public officials are suspended; provided, however, that the governmental bodies must offer alternative methods of communicating with their public officials." Public participation is valued and citizens wishing to express their views on any topic or agenda item can electronically submit a Citizen Participation Form in order to register to speak by going to https://rockport.seamlessdocs.com/f/CouncilCitizenParticipation or scanning the QR code provided on the Agenda, or if attending the meeting in person register at the meeting. Using the same form, citizens can also provide written comments to the City Secretary by 4:00 p.m. on the day of the meeting. The Mayor will read the comments and they will be summarized in the minutes of the meeting.

On the 11th day of May 2021, the City Council of the City of Rockport, Aransas County, Texas, convened in Regular Session at 6:30 p.m., at the Training Room of the Rockport Service and via video conferencing application ZOOM, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT
Mayor Patrick R. Rios
Mayor Pro-Tem J.D. Villa, Ward 2
Council Member Bob Cunningham, Ward 3
Council Member Andrea Hattman, Ward 4 – *Via ZOOM*

CITY COUNCIL MEMBER(S) ABSENT
Council Member Michael Saski, Ward 1

STAFF MEMBERS PRESENT
City Manager Kevin Carruth
Assistant to City Manager Kimberly Henry
City Secretary Teresa Valdez
Director of Public Works & Building Services Mike Donoho
Director of Finance Katie Griffin - *Via ZOOM*
Parks & Leisure Services Director Rick Martinez
Chief of Police Greg Stevens

ELECTED OFFICIALS PRESENT

Opening Agenda

1. Call to Order.

With a quorum of the Council Members present, the Regular Meeting of the Rockport City Council was called to order by Mayor Rios at 6:30 p.m. on Tuesday, May 11, 2021, in the Training Room of the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas, and via video conferencing application ZOOM.

2. Pledge of Allegiance.

Mayor Pro-Tem Villa led the Pledge of Allegiance to the U.S. flag.

3. Proclamation: National Police Week – May 9-15, 2021.

Mayor Rios proclaimed May 9-15, 2021 as Police Week in the City of Rockport. Mayor Rios read the Proclamation and presented it to Rockport Chief of Police Greg Stevens.

Chief Stevens stated he appreciated the Proclamation and the amazing support the Police Department has from citizens and elected officials. Chief Stevens said the City has never lost an officer in the line of active duty, but last week the City lost Detective Steven Reyes to natural causes. Chief Stevens expressed the Police Department is taking this very hard; Detective Reyes has been with the City for over 11 years.

Mayor Rios requested a moment of silence honoring Detective Steven Reyes. Mayor Rios offered condolences to Detective Reyes family.

4. Proclamation: Community Health Worker Week – May 10-16, 2021.

Mayor Rios proclaimed May 10-16, 2021 as Community Health Worker Week in the City of Rockport. Mayor Rios read the Proclamation and stated this was a Joint Proclamation with Aransas County and the Town of Fulton.

5. Deliberate and act on a Resolution and Order of canvassing the returns and declaring the results of the Saturday, May 1, 2021, General Election.

(Deliberar y tomar medidas respect a la Resolución orden para hacer el escrutinio de los votos y declarer los resultados de las Elecciones Generales a realizarse el sábado 1 de mayo de 2021.)

City Secretary Teresa Valdez said the City Council adopted Resolution No. 2021-03 on January 26, 2021, ordering a General Election to be conducted on May 1, 2021, for electing a Council Member to represente Ward 1 and a Council Member to represent Ward 3. Ms. Valdez stated the General Election was conducted on May 1, 2021, and the results (below) are shown in the Resolution and Order canvassing the returns.

Ward No. 1:

	Absentee Voting	Early Voting	Election Day	Total
Day, James Rusty	0	14	14	28
Jackson, Kathleen "Katy"	0	46	29	75
Under Votes	0	0	0	0
Over Votes	0	0	0	0

Ward No. 3:

	Absentee Voting	Early Voting	Election Day	Total
Cunningham, Bob	50	160	60	225
Brundrett, Brad	0	207	57	264
Under Votes	0	0	0	0
Over Votes	0	0	0	0

Mayor Rios serving as the Presiding Officer of Canvassing Authority signed the Summary of Ward Returns (below) and Canvass of General Election (below).

SUMMARY OF WARD RETURNS

I, the undersigned, the presiding officer of the canvassing authority for the General Election, held on the 1st day of May 2021, City of Rockport, Aransas County, Texas do hereby certify that the following is a total of all votes received by each candidate as shown by the Ward returns. I further certify that the following vote totals include early voting votes by ward received under Section 87.1231 of the Texas Election Code.

Name of Office	Name of Candidate	Total Votes Received
Council Member Ward 1	James Rusty Day	28
Council Member Ward 1	Kathleen "Katy" Jackson	75
Council Member Ward 3	Bob Cunningham	225
Council Member Ward 3	Brad Brundrett	264

Dated this 11th day of May 2021.

Patrick R. Rios, Mayor
Presiding Officer of Canvassing Authority

CANVASS OF GENERAL ELECTION

I, Patrick R. Rios, Mayor, of City of Rockport, Texas, met with the Rockport City Council sitting as the canvassing board to canvass the General Election of May 1, 2021, on May 11, 2021, at Rockport, Texas.

I certify that the figures on the tally sheets correspond with the figures on the returns. Witness my hand this 11th day of May 2021.

Patrick R. Rios, Mayor
Presiding Officer of Canvassing Authority

MOTION: Mayor Pro-Tem Villa moved to adopt the Resolution and Order canvassing the returns and declaring the results of the Saturday, May 1, 2021, General Election. Mayor Rios seconded the motion. Motion carried: 3:0.

FOR MOTION: Mayor Rios, Mayor Pro-Tem Villa and Council Member Hattman.
ABSTAIN: Council Member Cunningham.

Mayor Rios congratulated the newly elected Council Members and thanked Council Members Saski and Cunningham for their service to the City.

6. Citizens to be heard.

At this time, comments limited to three (3) minutes will be taken from the audience from persons who have signed the speaker's card located on the table in the back of the Training Room of the Service Center and delivered to the City Secretary before the meeting begins, or written comments received by 4:00 p.m. on the day of the meeting, on any subject matter that is not on the agenda, will be read by the Mayor and summarized in the minutes of the meeting. Persons wishing to address the Council and who have registered using the Citizen Participation Form will have up to three minutes to speak. In accordance with the Open Meetings Act, Council may not discuss or take action on any item that has not been posted on the agenda. While civil public criticism is not prohibited, disorderly conduct or disturbance of the peace as prohibited by law shall be cause for the chair to terminate the offender's time to speak.

Mayor Rios said one Citizen Participation Form had been received from Andrew Kane, 2106 Lakeview Drive.

Mayor Rios read Mr. Kane's comments recognizing and thanking Council Member Saski and Council Member Cunningham for their two years of service to the citizens of Rockport.

Consent Agenda

All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

7. Deliberate and act on approval of Regular Meeting Minutes of April 27, 2021.

8. Deliberate and act on 2nd quarter Report from Rockport Cultural Arts District for Fiscal Year 2020-2021 marketing expenditures.

Mayor Rios called for requests to remove any item from the Consent Agenda for separate discussion.

MOTION: Council Member Hattman moved to approve the Consent Agenda, as presented. Mayor Pro-Tem Villa seconded the motion. Motion carried unanimously.

Regular Agenda

9. Deliberate and act on first reading of an Ordinance granting a Conditional Use Permit for mobile food and retail vending for property located at 210 Seabreeze Drive; also known as approximately 80.0 acres of land out of portions of the Aransas County Navigation District No.1 Rockport Beach Park and Festival Grounds property located

in the city of Rockport, Aransas County, Texas and being a portion of the 102.5 acres Rockport Harbor patent, Abstract 343 and revised August 12, 1953, and recorded in Volume M3, Page 499, Deed Records of Aransas County, Texas, along with a portion of Abstract 357 dated November 6, 1953, containing 604.296 acres and recorded in Volume N-3, Page 178, Deed Records of Aransas County, Texas, with said 80.0 acres being a portion of Abstracts 343 and 357; currently zoned R-1 (1st Single Family Dwelling District); subject to compliance with the conditions stated within this Ordinance, as well as those stipulated in the City of Rockport Code of Ordinances; repealing all ordinances in conflict therewith; providing for severability; and providing an effective date.

Director of Public Works Mike Donoho stated this came to the Building Services Department in a round about way; City staff was attending a meeting and discovered the building placed on Aransas County Navigation District property. Mr. Donoho explained staff inquired as to the placement of the building and brought to the Navigation District's attention the land was required to be zoned a certain way to allow for buildings. Mr. Donoho said everyone worked together and the best solution was for the Navigation District to request a Conditional Use Permit (CUP). Mr. Donoho added the Planning and Zoning Commission considered the request and recommend approval.

MOTION: Mayor Pro-Tem Villa moved to approve the first reading of an Ordinance granting a Conditional Use Permit for mobile food and retail vending for property located at 210 Seabreeze Drive; also known as approximately 80.0 acres of land out of portions of the Aransas County Navigation District No.1 Rockport Beach Park and Festival Grounds property located in the city of Rockport, Aransas County, Texas and being a portion of the 102.5 acres Rockport Harbor patent, Abstract 343 and revised August 12, 1953, and recorded in Volume M3, Page 499, Deed Records of Aransas County, Texas, along with a portion of Abstract 357 dated November 6, 1953, containing 604.296 acres and recorded in Volume N-3, Page 178, Deed Records of Aransas County, Texas, with said 80.0 acres being a portion of Abstracts 343 and 357; currently zoned R-1 (1st Single Family Dwelling District); subject to compliance with the conditions stated within this Ordinance, as well as those stipulated in the City of Rockport Code of Ordinances; repealing all ordinances in conflict therewith; providing for severability; and providing an effective date. Council Member Cunningham seconded the motion. Motion carried unanimously.

10. Hear and deliberate on status of COVID-19 and response efforts.

Mayor Rios stated the COVID-19 vaccine is now in local distribution channels – clinics and pharmacies.

City Manager Kevin Carruth said the State numbers that were sent out yesterday show Aransas County a shade above or below the State averages.

11. Reports from Council.

Mayor Pro-Tem Villa thanked Council Member Saski and Council Member Cunningham for their service to the citizens of Rockport. Mayor Pro-Tem Villa stated he appreciated everything they had done.

Council Member Cunningham stated Representative Jeanie Morison had prevailed with the House Bill supporting the Little Bay Restoration Initiative in Aransas County and the partnership with the General Land Office. Council Member Cunningham thanked City staff for being patient and understanding of him during his two years of service as a Council Member. Council Member Cunningham also thanked the Council for the same. Council Member Cunningham expressed he had learned a lot and it was a privilege and honor to represent Ward 3.

Council Member Hattman thanked Council Members Saski and Cunningham for their service. Council Member Hattman stated it was a privilege to work with them.

Mayor Rios stated it was good to see things getting back to normal; the bar-b-que cookoff this weekend was well attended. Mayor Rios said at the Chamber luncheon today an update on upcoming events was given and it is reassuring that we are back on track to get back to normal. Mayor Rios added the City has a lot of projects going on, and the Key Allegro Bridge project will begin on June 1, 2021.

Mayor Rios extended condolences to the Rockport Police Department on the loss of Detective Reyes. Mayor Rios expressed Detective Reyes was a good man and Mayor Rios had enjoyed a special relationship with him.

Mayor Pro-Tem Villa wished all the mothers a belated Happy Mothers Day.

12. Adjournment.

At 7:00 p.m., Mayor Pro-Tem Villa moved to adjourn. Motion was seconded by Council Member Cunningham. Motion carried unanimously.

APPROVED:

_____
Patrick R. Rios, Mayor

ATTEST:

_____
Teresa Valdez, City Secretary

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 12

Deliberate and act on 2nd quarter report from the Texas Marine Science Institute/Mission Aransas National Estuarine Research Reserve for Fiscal Year 2020-2021 Bay Education marketing expenditures.

SUBMITTED BY: City Secretary Teresa Valdez

APPROVED FOR AGENDA: PKC

BACKGROUND: Texas Marine Science Institute/Mission Aransas National Estuarine Research Reserve has been allocated $15,000.00 in FY 2020-2021 Hotel Occupancy Tax (HOT) funds. According to our agreement with the NERR UTMSI, fiscal quarterly financial reports are required to be submitted to the City Council for approval. See the accompanying 1st quarter HOT expenditure report for additional information.

FISCAL ANALYSIS: Charged to account 6602003. The budgeted amount is $15,000.00 and YTD expenses are $12,194.90.

STAFF RECOMMENDATION: Staff recommends Council approve the NERR UTMSI Fiscal Year 2020-2021 Hotel Occupancy Tax funds 2nd quarter expenditures and authorization to disburse 3rd quarter funds in the amount of $3,750.00, as presented.

MISSION ★ ARANSAS NATIONAL ESTUARINE RESEARCH RESERVE

May 18, 2021

Honorable Mayor Patrick Rios
Rockport, Texas

RE: Bay Education Center Hotel Occupancy Tax Quarterly Report January to March 2021

Dear Mayor Rios,

The Mission-Aransas National Estuarine Research Reserve (Reserve) at the University of Texas Marine Science Institute (UTMSI) would like to thank you and the City of Rockport for the support of the Bay Education Center (BEC) through the Hotel Occupancy Tax (HOT) in the amount of $15,000 for FY2020. The funds have been instrumental in keeping the Bay Education Center open to the public for free. The BEC opened fully on May 8, 2021 with expanded hours from 10am to 4pm Tuesday through Saturday. **In accordance with Exhibit A on how HOT funds were spent, the funds allowed the BEC to pay for operational expenses that go towards program development and enhancements so that tourists receive free programming throughout the year. The following is Exhibit B of how the funds for FY2020 have been spent through the 2nd quarter to March 2021 so that tourists have free admission to the BEC programming.**

Exhibit "B:

HOT FUNDING EXPENSE REPORT FY 2020-2021						
Description of Expense	**Approved Budget**	**1st Quarter Expenses (Oct-Dec)**	**2nd Quarter Expenses (Jan-Mar)**	**3rd Quarter Expenses (Apr-Jun)**	**4th Quarter Expenses (Jul-Sep)**	**TOTAL**
Programmatic & Visitor Operations		$6,002.15	$6,192.75			$12,194.90
Total Requested	$15,000.00	$6,002.15	$0.00	$0.00	$0.00	$12,194.90

Description of Administrative Expenses	**Current Fiscal Year Administrative Expenses Projection**	**Fiscal Year Administrative Actual Expenses**	**Percentage of Fiscal Year Projections**
Sally Palmer	$4,500	$4,500	100%
Georgia Neblett	$1,000	$1,000	100%
Sara Pelleteri	$62,547	$31,273	50%
TOTALS	$68,047	$36,773	

MISSION ⋆ ARANSAS NATIONAL ESTUARINE RESEARCH RESERVE

We want to thank you again for the continued support and look forward to serving the community again this year.

Sincerely,

Jace Tunnell
Reserve Director

Mission-Aransas National Estuarine Research Reserve
The University of Texas Marine Science Institute
750 Channel View Drive, Port Aransas, Texas 78373
361-749-3046 - www.MissionAransas.org

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 13

Deliberate and act on request from Rockport Volunteer Fire Department for temporary closure of a portion of Gagon Street and Ann Street from 10:00 a.m. to 2:00 p.m. on June 5, 2021, for Fire Department Anniversary party.

SUBMITTED BY: Matthew Grimes, Fire Chief

APPROVED FOR AGENDA: PKC

BACKGROUND: Please see the accompanying letter from Chief Matthew Grimes requesting street closures on June 5, 2021. Chief Grimes contacted the persons who would be affected by the street closures and they are in support of the street closure for the anniversary pary.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Staff recommends Council approve the request from Rockport Volunteer Fire Department for temporary closure of a portion of Gagon Street and Ann Street from 10:00 a.m. to 2:00 p.m. on June 5, 2021, as presented.

Via: Email

April 24, 2021

Hello Ma'am,
The Rockport Volunteer Fire Department would like to request the closure of the roads in front of (Gagon St.), and behind the fire station (Ann St.) on June 5th from 10 am to 2 pm. Attached is a map indicating the areas to be blocked off. Gagon st would need to be blocked off for pedestrian traffic. Ann St. would need blocked off for staging of fire/ extrication prop. demonstrations. If any other info. is needed just let me know.

Thank you,

Matthew Grimes

Chief

Rockport Vol. Fire Dept.

(361)229-1715



Signature petition

This petition is signed by the neighbors of the Rockport Vol. Fire Department that would be affected by Gagon St. & Ann St. being closed June 5th, from 10 A.M. to 2 P.M. to assist with the safety of the public at our 136th Anniversary Party/ Open House! If signed you approve of the road closure of the above date and times!

203 Gagon St. Weekend Rental Property

204 Gagon St. Linda S. Mikulenka

205 Gagon St. [signature]

213 Gagon St. [signature]

207 N. Ann St. Property owner lives with family for assisted living

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 14

Deliberate and act on re-appointment of Municipal Court Judge and Municipal Court Administrator for a term of two years retroactive to November 10, 2020.

SUBMITTED BY: Mayor Patrick Rios

APPROVED FOR AGENDA: PKC

BACKGROUND: On November 20, 2020, the City Council met in Executive Session with Municipal Court Judge Diana McGinnis to discuss her re-appointment. Judge McGinnis' re-appointment was inadvertently not taken after the Executive Session although Judge McGinnis had agreed to renew her contract for two years. The re-appointment of Judge McGinnis will be retroactive to November 10, 2020.

Excerpt from November 10, 2020, City Council Meeting Minutes:

Executive Session

City Council will hold an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

24. Section 551.074 Personnel Matters – deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee: A) City Manager evaluation; B) Municipal Court Judge; and C) Municipal Court Administrator.

At 7:42 p.m., Mayor Rios convened the Rockport City Council into an executive session pursuant to provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in Section 551.074 Personnel Matters: A) City Manager evaluation; B) Municipal Court Judge; and C) Municipal Court Administrator.

Open Session

City Council will reconvene into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any actions necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

At 8:35 p.m., Mayor Rios reconvened the Rockport City Council into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any necessary actions related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

No action was taken.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Staff recommends Council approve the re-appointment of Diana McGinnis as Municipal Court Judge and Municipal Court Administrator for a term of two years beginning November 10, 2020 and ending November 10, 2022, as presented.

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 15

Deliberate and act on an Ordinance of the City Council of the City of Rockport, Texas, extending a COVID-19 pandemic Declaration of Local Disaster for the period of May 25 – June 22, 2021; establishing rules and regulations for the duration of the disaster; restricting certain activities; and establishing penalties for violations.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: Mayor Rios declared the original COVID-19 pandemic state of disaster for the City of Rockport beginning March 16, 2020. *Texas Government Code* Section 418.108(b) states that the state of disaster shall continue for a period of not more than seven days from the date of this declaration unless continued or renewed with the consent of the governing body of the political subdivision. The original Disaster Declaration expired on March 22, 2020, and the table below details the various extensions of the declaration.

Disaster Declaration Extensions
Original Declaration March 16, 2020 to March 22, 2020

Date of Extension	Period Covered by Extension	Extension No.	Ordinance No.
March 20, 2020	March 23, 2020 - April 14, 2020	#1	No. 1782
April 14, 2020	April 14, 2020 – May 4, 2020	#2	No. 1788
April 28, 2020	May 4, 2020 – May 12, 2020	#3	No. 1790
May 12, 2020	May 12, 2020 – May 26, 2020	#4	No. 1792
May 25, 2020	May 26, 2020 – June 9, 2020	#5	No. 1794
June 9, 2020	June 9, 2020 – June 23, 2020	#6	No. 1795
June 23, 2020	June 23, 2020 – July 14, 2020	#7	No. 1797
July 14, 2020	July 14, 2020 – July 28, 2020	#8	No. 1798
July 28, 2020	July 28, 2020 – August 11, 2020	#9	No. 1800
August 11, 2020	August 11, 2020 – September 22, 2020	#10	No. 1802
September 22, 2020	September 22, 2020 – October 27, 2020	#11	No. 1808
October 27, 2020	October 27, 2020 – November 24, 2020	#12	No. 1812
November 24, 2020	November 24, 2020 – January 26, 2021	#13	No. 1814
January 26, 2021	January 26, 2021 – February 23, 2021	#14	No. 1822
February 23, 2021	February 23, 2021 – March 23, 2021	#15	No. 1828
March 23, 2021	March 23, 2021 – April 27, 2021	#16	No. 1834
April 27, 2021	April 27, 2021 – May 25, 2021	#17	No. 1839

Proposed Ordinance continues and renews the Disaster Declaration for the period of May 24-June 22, 2021, and matches other orders that will also be extended.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Staff recommends Council adopt the Ordinance extending a COVID-19 pandemic Declaration of Local Disaster for the period of May 25 – June 22, 2021; establishing rules and regulations for the duration of the disaster; restricting certain activities; and establishing penalties for violations, as presented.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROCKPORT, TEXAS, EXTENDING A COVID-19 PANDEMIC DECLARATION OF LOCAL DISASTER FOR THE PERIOD OF MAY 25 – JUNE 22, 2021; ESTABLISHING RULES AND REGULATIONS FOR THE DURATION OF THE DISASTER; RESTRICTING CERTAIN ACTIVITIES; AND ESTABLISHING PENALTIES FOR VIOLATIONS.

WHEREAS, in December 2019 a novel coronavirus, now designated COVID-19, was detected in Wuhan City, Hubei Province, China. Symptoms of COVID-19 include fever, cough, and shortness of breath. Outcomes have ranged from mild to severe illness, and in some cases death; and

WHEREAS, on January 30, 2020, the World Health Organization Director General declared the outbreak of COVID-19 as a Public Health Emergency of International Concern (PHEIC), advising countries to prepare for the containment, detection, isolation and case management, contact tracing and prevention of onward spread of the disease; and

WHEREAS, on March 5, 2020, the World Health Organization Director General urged aggressive preparedness and activation of emergency plans to aggressively change the trajectory of this epidemic; and

WHEREAS, on March 11, 2020, the World Health Organization declared that the COVID-19 outbreak should be characterized as pandemic; and

WHEREAS, the Center for Disease Control and Prevention is closely monitoring the growing number of COVID-19 cases that have spread into the United States; and

WHEREAS, over 1,629 cases of COVID-19 have been reported in the United States, including 41 deaths; and

WHEREAS, a large gathering of unidentifiable individuals without necessary mitigation for the spread of infection may pose a risk of the spread of infectious disease; and

WHEREAS, President Trump declared a national emergency on March 13, 2020; and

WHEREAS, Governor Greg Abbott declared a public health disaster on March 13, 2020; and

WHEREAS, the Center for Disease Control recommends that citizens stop handshaking, clean hands at the door, schedule regular hand washing, avoid touching faces and cover coughs and sneezes, disinfect surfaces like doorknobs, tables, desks, and handrails regularly, and increase ventilation by opening windows or adjusting air conditioning; and

WHEREAS, the Center for Disease Control recommends the use of videoconferencing for meetings when possible, and adjusting or postponing large meetings or gatherings; and

WHEREAS, the Center for Disease Control recommends citizens stay home if they are feeling sick or when they have a sick family member in their home; and

WHEREAS, households with vulnerable seniors and those with underlying health conditions should conduct themselves as if they were a significant risk to the person with underlying conditions; and

WHEREAS, the identification of "community spread" cases of COVID-19 in the United States could has signaled that transmission of the virus is no longer limited to those who traveled to China, or had contact with travelers who have visited china; and

WHEREAS, the COVID-19 virus spreads between people who are in close contact with one another through respiratory droplets produced when an infected person coughs or sneezes; and

WHEREAS, the continued worldwide spread of COVID-19 presents an imminent threat of widespread illness, which requires emergency action; and

WHEREAS, a declaration of local disaster includes the ability to take measures to reduce the possibility of exposure to disease, control the risk, and promote the health and safety of Rockport residents; and

WHEREAS, the City of Rockport will work collaboratively with Aransas County to ensure that all appropriate and necessary measures are taken to limit the development, contraction and spread of COVID-19; and

WHEREAS, pursuant to the Texas Disaster Act of 1975, the Mayor is designated as the emergency management director of the City of Rockport, and may exercise the powers granted to the governor on an appropriate local scale; and

WHEREAS, a declaration of local disaster and public health emergency includes the ability to reduce the possibility of exposure to disease, control the risk, promote health, compel persons to undergo additional health measures that prevent or control the spread of disease, including isolation, surveillance, quarantine, or placement of persons under public health observation, including the provision of temporary housing or emergency shelters for persons misplaced or evacuated and request assistance from the governor of state resources; and

WHEREAS, the Mayor has made a Declaration of Public Health Emergency, and further declared all rules and regulations that may inhibit or prevent prompt response to this threat suspended for the duration of the incident; and

WHEREAS, the Mayor, under the Texas Disaster Act of 1975, has authorized the use of all available resources of state government and political subdivisions to assist in the City's response to this situation; and

WHEREAS, the Mayor has determined that extraordinary and immediate measures must be taken to respond quickly, prevent and alleviate the suffering of people exposed to and those infected with the virus, as well as those that could potentially be infected or impacted by COVID-19.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on March 24, 2020, renewed and extended the local state of disaster and public health emergency for the period of March 24 – April 14, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on April 14, 2020, renewed and extended the local state of disaster and public health emergency for the period of April 14 – May 4, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on April 28, 2020, renewed and extended the local state of disaster and public health emergency for the period of May 4 – May 12, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on May 12, 2020, renewed and extended the local state of disaster and public health emergency for the period of May 12 – May 26, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on May 26, 2020, renewed and extended the local state of disaster and public health emergency for the period of May 26 – June 9, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on June 9, 2020, renewed and extended the local state of disaster and public health emergency for the period of June 9 – June 23, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on June 23, 2020, renewed and extended the local state of disaster and public health emergency for the period of June 23 – July 14, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on July 14, 2020, renewed and extended the local state of disaster and public health emergency for the period of July 14 – July 28, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on July 28, 2020, renewed and extended the local state of disaster and public health emergency for the period of July 28 – August 11, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on August 11, 2020, renewed and extended the local state of disaster and public health emergency for the period of August 11 – September 22, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on September 22, 2020, renewed and extended the local state of disaster and public health emergency for the period of September 22 – October 27, 2020, declared for the City of Rockport, Texas,

pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on October 27, 2020, renewed and extended the local state of disaster and public health emergency for the period of October 27, 2020 – November 24, 2020, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on November 24, 2020, renewed and extended the local state of disaster and public health emergency for the period of November 24, 2020 – January 26, 2021, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on January 26, 2021, renewed and extended the local state of disaster and public health emergency for the period of January 26 – February 23, 2021, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on February 23, 2021, renewed and extended the local state of disaster and public health emergency for the period of February 23 – March 23, 2021, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on March 23, 2021, renewed and extended the local state of disaster and public health emergency for the period of March 23 – April 27, 2021, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on April 27, 2021, renewed and extended the local state of disaster and public health emergency for the period of April 27 – May 25, 2021, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROCKPORT, TEXAS:

Section 1. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 2. The local state of disaster and public health emergency declared by Mayor Patrick R. Rios for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code is hereby renewed and extended for a period May 25 – June 22, 2021, pursuant to §418.108(b) of the Government Code.

Section 3. Pursuant to §418.108(c) of the Government Code, this declaration of a local state of disaster and public health emergency shall be given prompt and general publicity and shall be filed promptly with the City Secretary.

Section 4. Pursuant to §418.108(d) of the Government Code, this declaration of a local state of disaster and public health emergency activates the City of Rockport emergency management plan.

Section 5. Pursuant to §418.020(c) of the Government Code, this declaration authorizes the City to commandeer or use any private property, temporarily acquire, by lease or other means, sites required for temporary housing units or emergency shelters for evacuees, subject to compensation requirements.

Section 6. Pursuant to §122.006 of the Health and Safety Code, this declaration authorizes the City to take any actions necessary to promote health and suppress disease, including quarantine, examining and regulating hospitals, regulating ingress and egress from the City, and fining those who do not comply with the City's rules.

Section 7. All ordinances or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters herein.

Section 8. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 9. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 10. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 11. This Ordinance shall be in force and effect from and after its final passage, and any publication required by law.

PASSED, ADOPTED, APPROVED, and **EFFECTIVE** the 25th day of May 2021.

CITY OF ROCKPORT, TEXAS

_____

Patrick R. Rios, Mayor

ATTEST:

_____

Teresa Valdez, City Secretary

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 16

Deliberate and act on an Ordinance of the City Council of the City of Rockport, Texas, extending a Declaration of Local Disaster (Winter Storm Uri) for the period of May 25 – June 22, 2021; establishing rules and regulations for the duration of the disaster; and establishing an effective date.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: Mayor Rios declared the original state of disaster for the City of Rockport on February 12, 2021. *Texas Government Code* Section 418.108(b) states that the state of disaster shall continue for a period of not more than seven days from the date of this declaration unless continued or renewed by the City of Rockport.

The original Disaster Declaration expired on February 18, 2021, and the table below details the extensions of the declaration.

Disaster Declaration Extensions
Original Declaration February 12, 2021 to February 18, 2021

Date of Extension	Period Covered by Extension	Extension No.	Ordinance No.
February 23, 2021	February 19, 2021 – March 9, 2021	#1	No. 1830
March 9, 2021	March 9, 2021 – April 27, 2021	#2	No. 1832
April 27, 2021	April 27, 2021 – May 25, 2021	#3	No. 1840

The proposed Ordinance continues and renews the Disaster Declaration for the period of May 25 – June 22, 2021.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Council approve and adopt An Ordinance of the City Council of the City of Rockport, Texas, extending a Declaration of Local Disaster for the period of May 25 – June 22, 2021; establishing rules and regulations for the duration of the disaster; restricting certain activities; and establishing penalties for violations, as presented.

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROCKPORT, TEXAS, EXTENDING A DECLARATION OF LOCAL DISASTER (WINTER STORM URI) FOR THE PERIOD OF MAY 25 – JUNE 22, 2021; ESTABLISHING RULES AND REGULATIONS FOR THE DURATION OF THE DISASTER; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, Texas Governor Greg Abbott issued a Disaster Declaration for all 254 Counties due to severe weather from Winter Storm Uri and poses an imminent threat of widespread and severe property damage, injury, and loss of life due to prolonged freezing temperatures, heavy snow, and freezing rain statewide; and

WHEREAS, declaring a state of disaster facilitated and expedited the use and deployment of resources to enhance preparedness and response; and

WHEREAS, pursuant to the Texas Disaster Act of 1975, the Mayor is designated as the emergency management director of the City of Rockport, and may exercise the powers granted to the governor on an appropriate local scale; and

WHEREAS, the Mayor, under the Texas Disaster Act of 1975, has authorized the use of all available resources of state government and political subdivisions to assist in the City's response to this situation; and

WHEREAS, the Mayor has determined that extraordinary and immediate measures must be taken to respond quickly, prevent and alleviate the suffering of people and to protect or rehabilitate property; and

WHEREAS, Pursuant to §418.108(a) of the Government Code, Mayor Patrick R. Rios, on February 12, 2021, declared a local state of disaster and public health emergency for the City of Rockport, Texas.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on February 23, 2021, renewed and extended the local state of disaster and public health emergency for the period of February 19 – March 9, 2021, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on March 9, 2021, renewed and extended the local state of disaster and public health emergency for the period of March 9 – April 27, 2021, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

WHEREAS, Pursuant to §418.108(b) of the Government Code, Mayor Patrick R. Rios, on April 27, 2021, renewed and extended the local state of disaster and public health emergency for the period of April 27 – June 22, 2021, declared for the City of Rockport, Texas, pursuant to §418.108(a) of the Texas Government Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROCKPORT, TEXAS:

Section 1. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 2. The local state of disaster and public health emergency declared by Mayor Patrick R. Rios for the City of Rockport, Texas, pursuant to §418.108(a) of the Government Code is hereby renewed and extended for a period of May 25 – June 22, 2021, pursuant to §418.108(b) of the Government Code.

Section 3. Pursuant to §418.108(c) of the Government Code, this declaration of a local state of disaster and public health emergency shall be given prompt and general publicity and shall be filed promptly with the City Secretary.

Section 4. Pursuant to §418.108(d) of the Government Code, this declaration of a local state of disaster and public health emergency activates the City of Rockport emergency management plan.

Section 5. All ordinances or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters herein.

Section 6. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 8. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 9. This Ordinance shall be in force and effect from and after its passage, and any publication required by law.

PASSED, ADOPTED, APPROVED, the 25th day of May 2021.

CITY OF ROCKPORT, TEXAS

_____
Patrick R. Rios, Mayor

ATTEST:

_____
Teresa Valdez, City Secretary

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 17

Deliberate and act on presentation and acceptance of Comprehensive Annual Financial Report for the City of Rockport for Fiscal Year 2019-2020.

SUBMITTED BY: Katie Griffin, Director of Finance

APPROVED FOR AGENDA: PKC

BACKGROUND: Texas law requires that, at the close of each fiscal year but in no later than 180 days, an independent audit shall be made of all accounts of the City government by a certified public accountant selected by the governing body. City Auditor Collier, Johnson & Woods, P.C. Certified Public Accountants have completed their annual independent audit of the City's financial records. A copy of the Comprehensive Annual Financial Statement for the Fiscal Year ending September 30, 2020 is included in the agenda packet.

F. John Sheppard, of Collier, Johnson, & Woods, P.C. will present the audit to Council during the City Council meeting. Together with the Director of Finance, they will be available to answer any questions on the accompanying Comprehensive Annual Financial Statement with Council.

FISCAL ANALYSIS: N/A

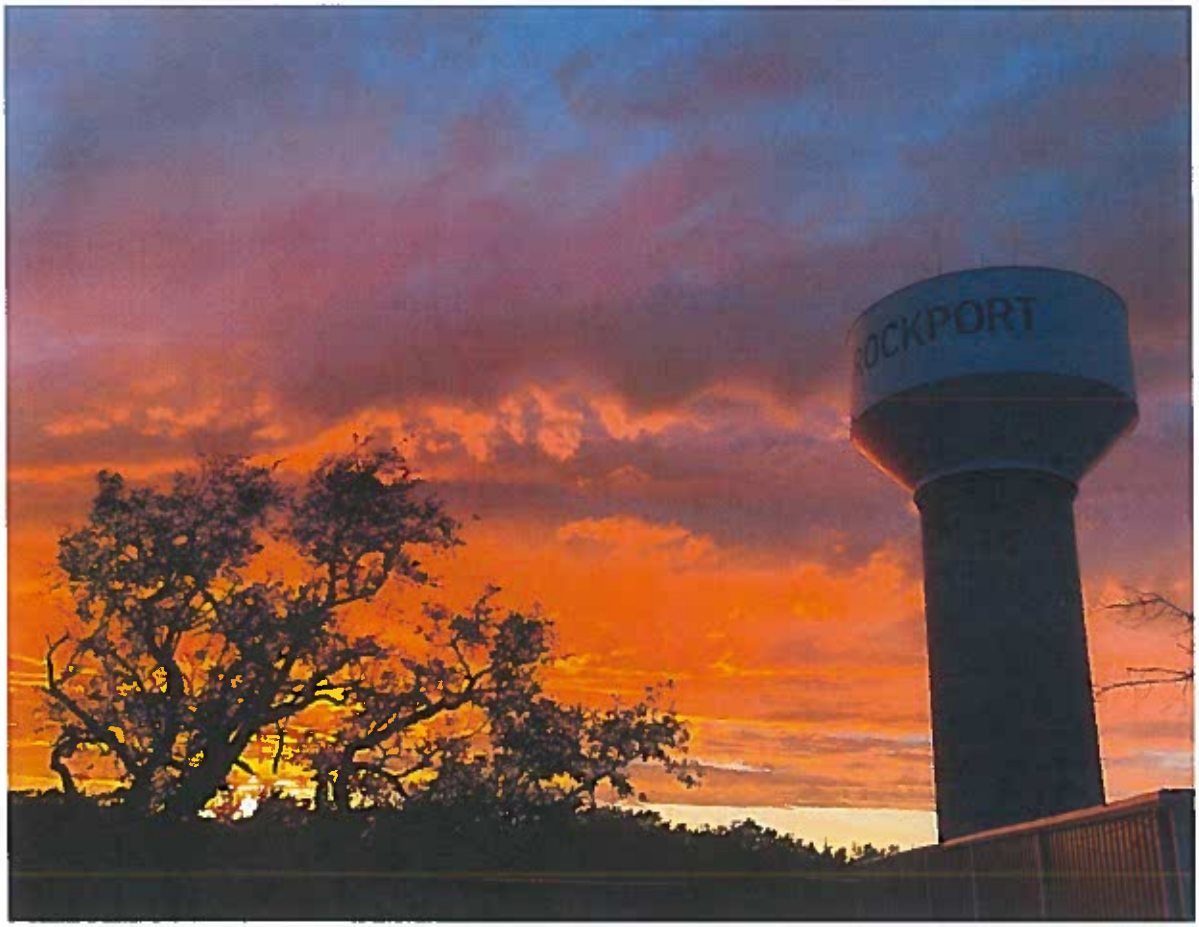
RECOMMENDATION: Staff recommends acceptance of the Comprehensive Annual Financial Report for FY2019-2020, as presented.

CITY of ROCKPORT, TEXAS

Est. 1870

This report contains facing pages. For best viewing select two-page display

CITY OF ROCKPORT, TEXAS



Comprehensive Annual Financial Report
Year Ended September 30, 2020


CITY of ROCKPORT, TEXAS
Est. 1870

CITY OF ROCKPORT, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2020

Prepared by

Katie Griffin, Director of Finance

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2020

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CITY OF ROCKPORT, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2020

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INTRODUCTORY SECTION


CITY of ROCKPORT, TEXAS
Est. 1870

April 28, 2021

The Honorable Mayor, City Council and City Manager
City of Rockport, Texas

The Comprehensive Annual Financial Report of the City of Rockport, Texas for the year ended September 30, 2020, is submitted. This report was prepared in accordance with generally accepted accounting principles on a basis consistent with the prior year. The preparation of the annual financial report and all financial information in the report is the responsibility of the City. The scope of the independent auditor's examination is to render an opinion on the financial information in the Annual Financial Report. Complete details concerning the City's fiscal year activities and related costs are presented in the enclosed narratives and financial statements.

This Letter of Transmittal and the Management's Discussion and Analysis are management's opportunity to communicate aspects of the overall financial condition, details of which are frequently obscured or submerged in financial statements, schedules, and/or tables. The attached organizational chart provides a pictograph of the lines of authority and responsibility with the system.

INDEPENDENT AUDIT

The Charter of the City of Rockport requires that the City Council appoint certified public accountants, who will be responsible to the Council, to perform an independent audit of all funds and group of accounts of the City on an annual basis. The firm of Collier, Johnson & Woods, P.C. was selected by the Council to perform this function. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

MANAGEMENT RESPONSIBILITY

The report is published to provide to the City Council, our citizens, and representatives of financial institutions and other interested persons, detailed information concerning the financial condition of the City government. To that end, the report has been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The City's accounting system has been designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition, and
- The reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgment by management. All internal control evaluations occur within the above framework.

GOVERNING BODY

The City was incorporated on May 29, 1871 under the laws of the State of Texas and adopted the Council-Manager form of government on April 12, 1983. The City Council is composed of the Mayor and four council members. The City Council and Mayor are responsible for enacting ordinances, resolutions, and regulations governing the City, appointing members of various statutory and advisory boards and the City Manager, City Secretary, City Attorney, Municipal Judge and Alternate Municipal Judge. As chief administrative officer, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the heads of departments of the City Organization.

FINANCIAL ADMINISTRATION

The Department of Finance operates under the direction of the Director of Finance, who is appointed by the City Manager; with the consensus of the City Council. Activities of the Department of Finance are control of, custody and disbursement of City funds. Other activities of the department include risk management, payroll, treasury management, purchasing, computer management and the preparation of the annual budget and interim and annual financial reports.

CITY OF ROCKPORT AND ITS SERVICES

Services provided by the City under the general governmental functions include police, street maintenance, public improvements, planning and zoning, engineering, traffic control, parks operation and maintenance, code enforcement, building permits, floodplain management, building, plumbing, electrical inspections and general and administrative services. A private firm provides solid waste collection and disposal services under a contract with the City. In addition, water, natural gas, and sewer, and the community aquatic park services are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

The Community Aquatic Park is considered to be a blended component unit of the City. The City acts as the "managing partner" of the County wide governmental "joint venture" consisting of the City of Rockport, Aransas County, and the Town of Fulton. Policy is set by a Swimming Pool Operations committee which consists of a voting member from the city and county, plus a citizen member of the City Parks Board and the Director of Parks and Leisure Services.

The City of Rockport and Aransas County entered into an Interlocal Agreement creating the City/County Communications Center, combining dispatch services. The agreement created a Dispatching Services Board consisting of one representative from each entity and the Dispatch Administrator.

Additional Interlocal Agreements between the City of Rockport and Aransas County help to eliminate the duplication of services and help reduce costs for both entities. These include Animal Control Services, Jail and Detention Services, Road Construction and Maintenance within the city limits of Rockport, Septic System Inspections, Sanitation Services and Tax Collection.

The Aransas County and City of Rockport Public Safety Center completed a joint law enforcement office building housing the Rockport Police Department and the Aransas County Sheriff's Office. This is another example of the City and County joining together to save taxpayers' dollars. Created by an Interlocal Agreement, the venture is a 50/50 split between the City of Rockport and Aransas County for all maintenance and expenses related to the Public Safety Center.

On May 30, 2008, the City purchased Aransas Natural Gas Company, a privately owned natural gas company located in Rockport. The Natural Gas Division provides service to Rockport, the Town of Fulton, and Aransas County as far north as Lamar (See more in the Management, Discussion and Analysis section).

BUDGETING

In accordance with the City Charter, on or before the first regular scheduled meeting in August, the City Manager submits to the City Council a proposed budget and budget message for the fiscal year commencing the following October l. The proposed budget shall contain the budget message prepared by the City Manager, detailing estimates of all revenue and expenditures, debt requirements, and a draft of the budget ordinance. The City Council shall review the proposed budget and make any appropriate changes prior to publishing the final budget.

The budget message explains the budget in fiscal terms and in terms of the work submitted with the budget. It outlines the proposed financial programs of the City for the ensuing fiscal year, the capital program, and capital projects for the budget year. The budget message will describe the important features of the budget and indicate any major changes from the current year in financial policies, expenditures and revenues including the reasons for such changes.

The budget shall provide a complete financial plan of all City funds and activities and shall be in such form as the City Manager deems desirable or the City Council may require. The detailed line-item budget is presented for administrative control. It shall be arranged to depict proposed expenditures and the means of financing them for the upcoming year, along with comparative figures for actual and budget income and expenditure for the preceding fiscal year; budgeted and estimated income and expenditure for the current fiscal year; and actual income and expenditure of the current year projected to year estimates for the current years.

The budget is legally enacted through passage of an ordinance on or before September 27. This ordinance adopts the City's budget at the fund level and constitutes appropriation of the amounts specified therein as expenses from funds indicated and constitutes a levy of property tax therein proposed. The City's Code of Ordinances allows the city manager to transfer all or part of unencumbered appropriated balances among programs in a department within a single fund. Please refer to Note I E. in Notes to the Financial Statements for more detail on budgets and budgetary accounting.

GENERAL INFORMATION

The City of Rockport is the county seat for Aransas County and is located 30 miles northeast of Corpus Christi. There are approximately 20.3 square miles of land within the City's corporate boundary.

ECONOMIC TRENDS

Ranked in the *100 Best Small Art Towns of America* and recognized among the top retirement spots in the nation by *America's Best Places to Retire*, Rockport is a wonderful place to live and visit alike. *Gulfscapes Magazine's* "2011 Readers Choice Best Gulf Coast Towns" listed Rockport number four in the top ten. In 2011 Rockport was highlighted as a coastal dream town by *Coastal Living Magazine. Better Homes and Gardens* in its April 2007 issue listed Rockport-Fulton the number five destination as a "long weekend hotspot" for spring migration bird watching and more recently number two on their rankings of the "Top 10 Artists Colonies." *Texas Meetings and Events* list Rockport-Fulton as a great Gulf Coast getaway for a business meeting, board meeting, etc. In 2013, Rockport was featured as one of the "Best Places to Live and Visit." According to the "Today in America " television show. In 2014 Rockport was ranked seventh and eighth, respectively, in *Budget Travel's* "America's Coolest Small Towns" listing and *Where to Retiree's* "Top 8 Places to Retire." In 2015, CNN listed Rockport number 11 on its list of "America's Best Little Beach Towns." More recently, in 2020 *USA Today* placed it number four on their "10 Best Coastal Small Towns" and *Texas Highways* put Rockport number six on its recommendation of "Texas Top 40" travel destinations.

Rockport is a unique community made up largely of second homes. Rockport is a destination point for tourists and seasonal visitors. Permanent residents in Rockport totaled around 10,000 (pre-Hurricane Harvey), but the City has physical and human infrastructure to accommodate a regular population of 20,000 and over 35,000 during special events and holidays.

Property values in the City of Rockport increased from $538,391,491 in 2000 to $1,319,449,457 in 2017. The devastation of Hurricane Harvey resulted in a negative impact on the City's appraised property values resulting in a decrease of approximately 13% to $1,145,624,691 in 2018. Property values have rebounded to $1,455,330,475 in 2020, surpassing pre-hurricane values.

Building permits increased from 1,989 in 2017 to 2,397 in 2018 largely due to the recovery building from Hurricane Harvey. The number of building permits in 2019 decreased to 1,997 as post-storm recovery building slowed and slightly increasing in 2020 to 2,100 permits.

Sales tax revenues increased from $2,459,617 in 2017 to $3,019,444 in 2018, as a result of post-storm recovery spending associated with Hurricane Harvey. In 2019, the sales tax revenues decreased to $2,780,574 following a decline in post-storm spending. The sales tax revenues of 2020 remained almost constant due to the Covid-19 Pandemic resulting in a 2% increase of $58,042 totaling $2,838,616.

Hotel Occupancy taxes decreased significantly from $866,970 in 2017 to $479,754 in 2018 as a direct result of the impact of Hurricane Harvey. Following recovery efforts, all but one major hotel has returned to full operations in 2019 resulting in an increase in Hotel Occupancy taxes to $713,075. The final major hotel returned to full operations in 2020. Despite Covid-19 statewide travel restrictions, hotel occupancy tax revenues for 2020 totaled $903,198, exceeding pre-Hurricane Harvey levels.

The after effects of Hurricane Harvey and Covid-19 will continue to be a heavy influence on the local economy and the City's recovery efforts will continue to impact the organization's operations. Each of which will require thoughtful and deliberate consideration by the City Council, together with City staff, for development and commitment to a successful recovery and future grown of the community.

MAJOR INITIATIVES

As a forward-focused city working to improve the quality of life for our citizens and provide opportunities for growth in the business sector, the City of Rockport is always looking to improve infrastructure and reduce our operating costs. These were the impelling causes for two major capital improvement projects. First, a $2.5 million major rehabilitation of the Waste Water Treatment Plant to provide adequate capacity for the future growth of the City. Next, a city-wide Energy Enhancement project to modernize facility, street and sports lighting equipment, and provide automatic read utility meters for both the water and natural gas services is an important initiative for the Council and city staff. This project will not only save on energy and labor costs in the future, it will help to reduce the City's carbon footprint.

After a brief delay, both the Waste Water Treatment Plant rehabilitation project and the City-wide Energy Enhancement project are underway. The WWTP project broke ground in early 2019 and is scheduled to be completed by late 2021. The lighting and facility improvements have been completed on the Energy Enhancement project. The installation of the automatic read utility meters and associated infrastructure began in late 2018 and is scheduled to be complete later this spring.

On August 25, Hurricane Harvey, a Category 4 hurricane, made direct landfall on the City of Rockport, with the eye passing through the town and tornados skipping through neighborhoods and randomly destroying structures. The devastation to the entire area of the Coastal Bend was dramatic and the impact on our future operations and growth cannot be fully known for some time. However, the citizens and businesses of Rockport have worked very hard to clean up, fix up and rebuild the city; as a result, additional capital improvement projects are underway. The Key Allegro Bridge is scheduled for replacement as a part of the Texas Department of Transportation Bridge Program with the City relocating utilities currently attached to the retiring bridge.

BUDGET AS COMPARED TO ACTUAL

The General Fund Revenues and Expenditures are budgeted based on historical information, the current economic climate of the City and inflationary trends. For a detailed comparison of actual General Fund revenues and expenditures with budget amounts, see "Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual in the financial section of this report (Exhibit 5).

Budget as compared to actual for other funds are in the financial section of this report (Exhibit 11 - A through E)

FIDUCIARY FUNDS

The City had no fiduciary funds at September 30, 2020.

PROPRIETARY FUNDS

The Proprietary Funds are those funds that are self-supporting. The Proprietary Funds of the City include the Utility Fund, Sanitation Fund, Natural Gas Fund, and Community Aquatic Park Fund. The Utility System Fund operates with revenues generated by the sale of water and wastewater services. The Natural Gas Fund operates with revenues generated by the sale of natural gas. The Sanitation Fund is used to record all revenues and expenditures for the Solid Waste contract. The Community Aquatic Park Fund accounts for all revenues and expenditures for the community aquatic park.

AD VALOREM TAXES

State statutes require the value of the property as of January 1 of each year be used as the basis for calculating ad valorem tax for the ensuing fiscal year. The estimated adjusted taxable value of property in the City at January 1, 2020 was $1,455,330,475 and was taxed at $0.421311 per one hundred dollars of assessed value resulting in an adjusted tax roll (taxes receivable) of $7,146,442.

Collections

Current taxes of $6,458,384 (representing 98.451% of the tax levy) were collected during fiscal year 2019-2020. The collection rate was comparable to the preceding fiscal year. Current tax collections have exceeded 97% in each of the last ten years.

Allocation of Ad Valorem Taxes

The revenue to be received from current tax collections is distributed between the General Fund and the Debt Service Fund according to the rates for allocation set when the budget ordinances are adopted. Allocation of property tax revenues by purpose for fiscal year 2020 and the preceding five years is given in the following table. The amounts in the table are per one hundred dollars of assessed value.

Tax Year	2015	2016	2017	2018	2019	2020
General Fund	.219047	.233912	.239805	.248198	.248157	.241668
G.O. Debt	.145811	.155371	.145835	.203765	.171928	.179643
Total	**.364858**	**.389283**	**.385640**	**.451963**	**.420085**	**.421311**

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended September 30, 2019. This is the seventeenth year that the City has applied for and received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized basic financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

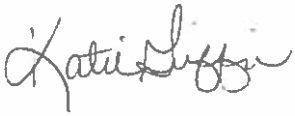
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Programs' requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget since October l, 2002. The budget for October l, 2019 received the eighteenth consecutive prestigious award for the City. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document is judged on proficiency in several categories including policy documentation, financial planning and organization.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department, the City Manager, the entire City staff, and the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,



Katie Griffin, CGFO
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rockport
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

x

City of Rockport, Texas
List of Principal Officials
September 30, 2020

Elected Officials

Name	Office
Patrick R. (Pat) Rios	Mayor
J. D. Villa	Mayor Pro-Tem
Bob Cunningham	Council Member
Andrea Hattman	Council Member
Mike Saski	Council Member

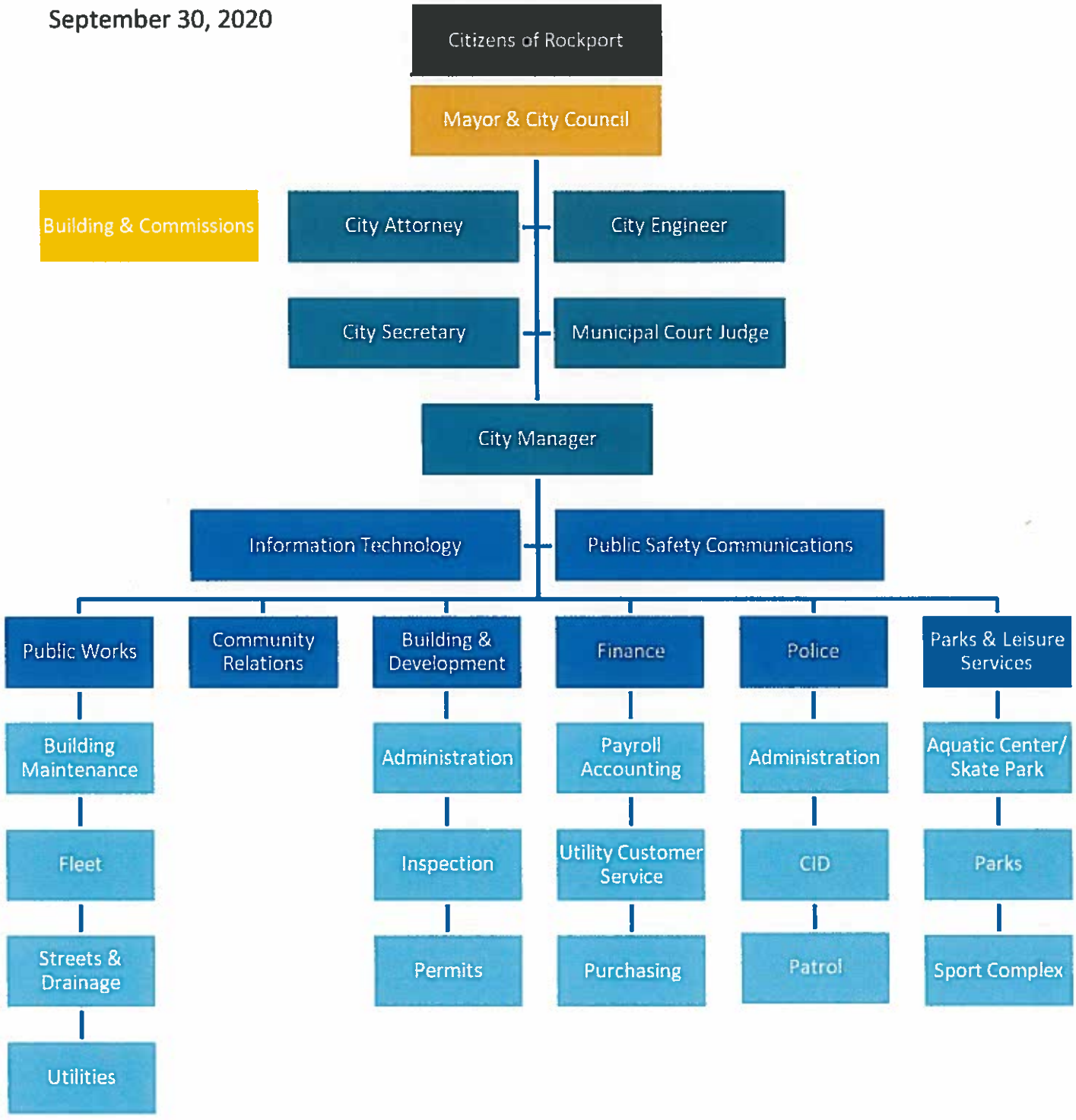
Appointed Officials

Name	Position
Kevin Carruth	City Manager
Teresa Valdez	City Secretary
Katie Griffin	Director of Finance
Mike Donoho	Director of Public Works & Building/Development
Rick Martinez	Director of Parks & Leisure Services
Greg Stevens	Chief of Police

City of Rockport, Texas

Organizational Chart

September 30, 2020



FINANCIAL SECTION

CITY of ROCKPORT, TEXAS



COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

555 N. Carancahua Suite 1000
Corpus Christi, Texas 78401-0839
361-884-9347 • Fax 361-884-9422
www.cjw-cpa.com

INDEPENDENT AUDITOR'S REPORT

April 28, 2021

The Honorable Mayor and
Members of the City Council
City of Rockport, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockport, Texas (the City) as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockport, Texas as of September 30, 2020, and the respective changes in financial position and, where applicable, budgetary comparison and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information on pages 5 through 11 and 69 through 73 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and budgetary comparison schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 142 and 143 is presented for purposes of additional analysis as required by U.S. Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining statements and budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements and schedules, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Collins, Johnson & Woods


CITY of ROCKPORT, TEXAS
Est. 1870

MANAGEMENT'S DISCUSSION AND ANALYSIS

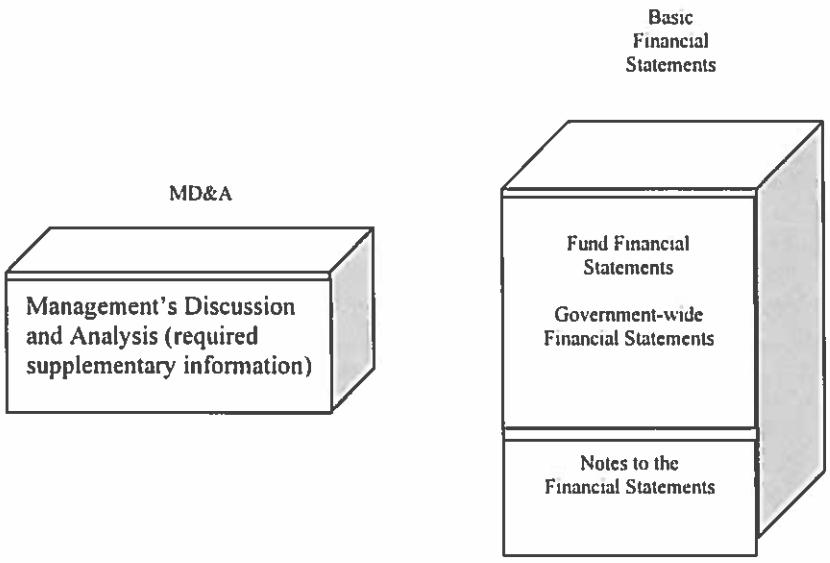
Our discussion and analysis of the City of Rockport's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the transmittal letter on page i to ix and the City's financial statements, which begin on page 13.

Financial Highlights

- The assets and deferred outflows of the City of Rockport exceeded its liabilities and deferred inflows at the close of 2020 by $45,383941 (net position). The unrestricted net position was a $500,464 while net invested in capital asset was $43,109,769 and restricted net position was $1,773,707.
- The government's total net position increased by $4,084,173 in 2020.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $26,042,316 a increase of 109.88% in comparison with the prior year. The increase is mainly due to the unspent proceeds from the 2020 Tax Note.
- The General fund reported an unassigned fund balance of $3,936,190 or, 41.42% of total general Fund expenditures.
- The City's total long-term liabilities increased by $8,387,090 16.54% during the current fiscal year, mainly due to the issuance of the 2020 Tax Notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic is provided to facilitate the reader's understanding of the format of the Basic Financial Statements and their individual components:



This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information which includes this management's discussion and analysis and multi-year changes in net pension and OPEB liability and pension funding progress on the City's pension plan and retiree health plans. In addition to the basic financial statements, this report also contains other supplementary information as listed in the Table of Contents.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, public works, cultural and recreation and tourism. The business-type activities of the City include water and sewer, natural gas, sanitation and the Community Aquatic Center operations. The government-wide financial statements can be found on pages 13-15 of this report.

Fund financial statements - A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into two categories governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Non-financial assets such as governmental land, buildings and equipment, and long-term liabilities such as bonds payable or long-term liabilities that will not be paid with current assets are excluded. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains 23 governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Debt Service Fund. Data from the other 20 funds are combined into a single, aggregated presentation. The basic governmental funds financial statements can be found on pages 16-21.

Proprietary Funds - The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Utility System, Natural Gas System, Sanitation and the Community Aquatic Park.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water & Sewer Fund, Natural Gas Fund, Sanitation Fund and Community Aquatic Center Fund, since they are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 24-31 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-67.

Other Information – In addition to the basic financial statements and accompanying notes, the basic financial statements contain required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension and retiree health benefits to its employees. The required supplementary information can be found on page 69-73.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $45,383,940 as of September 30, 2020.

The largest portion of the City's net position $43,109,769 (94.99%) reflects its investments in capital assets (e.g., land, building, equipment, improvements and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending, and with exception of business type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net positions $1,773,707 (3.91%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is $500,465 a substantial improvement over 2019 deficit of $783,160. The Table 1 illustrates the comparative detail of changes in net position of the City.

TABLE 1
SUMMARY OF NET POSITIONS

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	27,321,204	13,015,222	11,838,792	9,613,143	39,159,996	22,628,365
Capital Assets, Net	31,195,935	30,806,276	41,769,509	42,694,654	72,965,444	73,500,930
Total Assets	58,517,139	43,821,498	53,608,301	52,307,797	112,125,440	96,129,295
Deferred Outflows	1,830,910	3,175,694	824,864	1,347,450	2,655,774	4,523,144
Long-Term Liabilities	37,027,249	26,169,411	22,059,078	24,529,826	59,086,327	50,699,237
Other Liabilities	3,883,168	3,956,938	4,426,084	4,354,471	8,309,252	8,311,409
Total Liabilities	40,910,417	30,126,349	26,485,162	28,884,297	67,395,579	59,010,646
Deferred Inflows	1,442,472	232,552	559,222	109,477	2,001,694	342,029
Net Position						
Net Invested in Capital Assets	19,840,363	18,740,986	23,269,406	22,071,001	43,109,769	40,811,987
Restricted	1,773,707	1,270,937	–	–	1,773,707	1,270,937
Unrestricted	(3,618,910)	(3,373,632)	4,119,375	2,590,472	500,465	(783,160)
Total Net Position	17,995,160	16,638,291	27,388,781	24,661,473	45,383,941	41,299,764

Governmental Activities - Governmental activities include the functions of general government, tourism, cultural and recreations, public safety and public works. Payment of interest on long-term debt is also considered a governmental activity and it is considered a class of activity but not a function of government. These are the basic services and cost centers any city provides to its citizens.

As shown in Table 2, Total Revenue increased $749,115, This increase is due to an increase of $481,072 in Property Tax as a result an increase in property tax rates and values as well as the addition of new multi-family and single-family residences. Sales and use taxes increased by $76,465 due to additional spending for home improvements during the Covid-19 Pandemic and increased visitors, contributing to the total revenue increase. Hotel Occupancy Tax increased by $201,728 as all hotels have reopened following Hurricane Harvey and as a result of more people traveling to the Texas Gulf Coast for vacations rather than plane flights to further destinations during the pandemic. Other revenues increased by $266,144 while Fines and Fees decreased by $133,546 and Operational Grands decreased by $166,476.

Total Expenses decreased $672,220 due mainly to a decrease of $394,003 in General Government expenses related to Harvey in 2019 and 2020. Public Works saw a decrease of $433,802 due to a reduction in personnel costs and lack of construction project due to the Covid-19 pandemic. However, there was an increase in Interest and Fees on Debt totaling $193,387 as a result of existing debt repayment structure

Table 2 provides a summary of the City's operations for year ended September 30, 2020 with comparative totals for the year ended September 30, 2019.

TABLE 2
STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Fees, Fines and Charges for Services	720,779	854,325	16,747,573	15,004,043	17,468,352	15,858,368
Operating Grants and Contributions	1,316,744	1,483,220	48,083	43,333	1,364,827	1,526,553
Capital Grants and Contributions	606,653	536,424	--	--	606,653	536,424
General Revenue						
Property Taxes	6,563,714	6,082,642	--	--	6,563,714	6,082,642
Sales Taxes	2,857,039	2,780,574	--	--	2,857,039	2,780,574
Franchise and Other Taxes	1,096,677	1,068,650	--	--	1,096,677	1,068,650
Hotel Occupancy Taxes	914,803	713,075	--	--	914,803	713,075
Investment Earnings	49,313	123,841	30,785	51,550	80,098	175,391
Other Revenues	281,319	15,175	6,810	33,103	288,129	48,278
Total Revenues	14,407,041	13,657,926	16,833,251	15,132,029	31,240,292	28,789,955
Expenses						
General Government	3,972,684	4,366,687	--	--	3,972,684	4,366,687
Public Safety	5,276,575	5,292,979	--	--	5,276,575	5,292,979
Public Works	1,505,912	1,939,714	--	--	1,505,912	1,939,714
Culture and Recreation	1,457,207	1,465,212	--	--	1,457,207	1,465,212
Tourism	708,391	721,784	--	--	708,391	721,784
Interest and Fees on Debt	833,318	639,931	--	--	833,318	639,931
Water and Sewer	--	--	8,922,626	8,887,596	8,922,626	8,887,596
Natural Gas	--	--	1,895,018	1,988,347	1,895,018	1,988,347
Sanitation	--	--	2,152,087	2,136,230	2,152,087	2,136,230
Community Aquatic Center	--	--	432,301	449,565	432,301	449,565
Total Expenses	13,754,087	14,426,307	13,402,032	13,461,738	27,156,119	27,888,045
Change in Net Position before Transfers	652,954	(768,381)	3,431,219	1,670,291	4,084,173	901,910
Transfers	703,911	428,258	(703,911)	(428,258)	--	--
Change in Net Position	1,356,865	(340,123)	2,727,308	1,242,033	4,084,173	901,910
Beginning Net Position	16,638,295	16,978,414	24,661,473	23,419,440	41,299,768	40,397,854
Total Net Position	17,995,160	16,638,291	27,388,781	24,661,473	45,383,941	41,299,764

Business-Type Activities. As shown in Table 2, Total revenues increased by $1,701,222 due mainly to increase in in charges for service as the City continues to grow and add roof tops. Total Expenses slightly increased due to increase demand for services.

In the Water & Sewer and Natural Gas, the City has little control over the costs of the two products: water and natural gas delivered to the City's customers. Water is purchased from the San Patricio Municipal Water District, and natural gas is purchased from Southcross Energy, any price increases are passed on to the end customer.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the City governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $26,042,316 an increase of $14,930,872 compared to the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $3,936,190. This fund balance is the amount available without constraints from outside of the City to fund the City's normal operations. The fund balance increased $585,233. Total revenues exceeded budged revenues as proceeds from FEMA and insurance claims associated with Hurricane Harvey continued to be received. Expenditures were less than budgeted due to reductions in contracted services and training caused by the Covid-19 Pandemic. Other decreases were found in insurance premiums and utilities.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to $72,965,444 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery, equipment, infrastructure and construction in progress. Governmental activity capital assets increased by $389,659 as a result of $1,641,183 of additions offset by $1,069,493 of depreciation and net retirements of $182,031. Business-type activity capital assets decreased by $925,145 as a result of $748,150 additions less $1,673,295 of depreciation.

Major capital asset additions during 2020 include the following:

- Land Purchases for New City Hall and Preliminary Design – $469,198
- Drainage Projects - $278,614
- Easement for Key Allegro Bridge – 191,729
- Water Main Improvements - $471,330

Additional information on the City's capital assets can be found in Note 3 of the financial statements.

TABLE 3
CAPITAL ASSETS AT YEAR-END, NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	10,194,001	9,714,430	214,953	214,953	10,408,954	9,929,383
Infrastructure	13,908,521	14,016,089	--	--	13,908,521	14,016,089
Building and Improvements	3,016,878	3,142,571	3,888,895	4,059,007	6,905,773	7,201,578
Improvements other than Bldg	2,283,303	2,016,803	--	--	2,283,303	2,016,803
Machinery and Equipment	1,107,380	1,246,408	328,289	367,677	1,435,669	1,614,085
Water System	--	--	18,539,257	18,066,885	18,539,257	18,066,885
Sewer System	--	--	13,296,302	13,773,717	13,296,302	13,773,717
Natural Gas System	--	--	5,408,180	5,677,938	5,408,180	5,677,938
Construction in Progress	685,852	669,976	93,633	534,477	779,485	1,204,453
	31,195,935	30,806,277	41,769,509	42,694,654	72,965,444	73,500,930

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had a total bonded debt of $40,790,000 and increase of $11,660,000 over the prior year. Of this amount, $19,010,000 are general obligation bond, $7,275,000 are certificates of obligation and $14,505,000 backed by the full faith and credit of the government. Additionally, there were $8,619,831 in an Energy Conservation Bond and $413,528 in capital leases. During the year the City issued $14,505,000 for the purpose of construction of the new city hall, Concho Street drainage improvements, and Key Allegro Bridge easements. Additional information on the City's long-term debt can be found in Note 5 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2020-2021 budget will raise more revenue from property taxes than last year's budget by an amount of $480,469, which is an 8.53% increase from the prior year's budget. The property tax revenue to be raised from new property added to the tax roll this year is $275,128.

This financial report is designed to inform the citizens, taxpayers and customers of the City of Rockport as well as its investors and creditors about the City's finances and to provide accountability for the public support that it receives. If you have any questions about the report or need additional financial information, contact the Director of Finance at the City of Rockport, 2751 State Highway 35 Bypass, Rockport, Texas 78382.

CITY of ROCKPORT, TEXAS



Exhibit I

CITY OF ROCKPORT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents (Note 2)	3,863,465	8,738,344	12,601,809
Investments (Note 2)	488,000	488,000	976,000
Receivables, Net of Allowance for Uncollectible	2,848,611	1,475,343	4,323,954
Internal Balances	206,278	(206,278)	--
Inventories	117,118	255,846	372,964
Restricted Cash and Investments			
Cash and Cash Equivalents (Note 2)	19,797,732	1,087,537	20,885,269
Land and Construction in Progress (Note 3)	10,879,853	308,586	11,188,439
Other Capital Assets, Net of Accumulated Depreciation (Note 3)	20,316,082	41,460,923	61,777,005
Total Assets	58,517,139	53,608,301	112,125,440
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Bond Refunding	419,285	298,416	717,701
Deferred Outflows Related to Pensions (Note 9)	1,043,569	356,359	1,399,928
Deferred Outflows Related to OPEB (Note 10)	368,056	170,089	538,145
Total Deferred Outflows of Resources	1,830,910	824,864	2,655,774
LIABILITIES			
Accounts Payable	466,319	769,907	1,236,226
Contractor's Retainage	486,059	--	486,059
Accrued Expenses	47,829	17,224	65,053
Accrued Interest	90,114	200,523	290,637
Deposits	--	1,582,631	1,582,631
Unearned Revenue	156,732	--	156,732
Unclaimed Property	53,223	--	53,223
Current Portion of Long-Term Liabilities (Note 4)			
Long-Term Debt	2,434,866	1,792,443	4,227,309
Compensated Absences	148,027	63,356	211,383
Long-Term Liabilities, Excluding Current Portion (Note 4)			
Long-Term Debt (Note 5 and 6)	29,137,723	18,091,984	47,229,707
Compensated Absences	442,320	189,317	631,637
Net Pension Liability (Note 9)	3,961,824	1,352,887	5,314,711
OPEB Liability (Note 10)	3,485,382	2,424,890	5,910,272
Total Liabilities	40,910,418	26,485,162	67,395,580
DEFERRED INFLOWS			
Deferred Gain on Bond Refunding	--	1,628	1,628
Deferred Inflows Related to Pensions (Note 9)	864,385	295,171	1,159,556
Deferred Inflows Related to OPEB (Note 10)	578,087	262,423	840,510
	1,442,472	559,222	2,001,694
NET POSITION			
Net Invested in Capital Assets	19,840,363	23,269,406	43,109,769
Restricted			
Tourism	1,127,645	--	1,127,645
Public Safety	368,903	--	368,903
Public Access TV	249,958	--	249,958
Security and Technology	13,374	--	13,374
Specified by Donors	11,384	--	11,384
Key Allegro Property Improvements	232	--	232
Child Safety	2,211	--	2,211
Unrestricted	(3,618,911)	4,119,375	500,464
TOTAL NET POSITION	17,995,159	27,388,781	45,383,940

The notes to the financial statements are an integral part of this statement.

CITY OF ROCKPORT, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: FEES, FINES AND CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities				
General Government	3,972,684	551,897	504,640	193,065
Public Safety	5,276,575	168,843	812,104	--
Public Works	1,505,912	--	--	382,642
Culture and Recreation	1,457,207	39	--	30,946
Tourism	708,391	--	--	--
Interest and Fees on Long-Term Debt	833,318	--	--	--
Total Governmental Activities	13,754,087	720,779	1,316,744	606,653
Business-Type Activities				
Water and Sewer	8,922,626	12,137,157	--	--
Natural Gas	1,895,018	2,099,457	--	--
Sanitation	2,152,087	2,463,510	--	--
Community Aquatic Center	432,301	47,449	48,083	--
Total Business-Type Activities	13,402,032	16,747,573	48,083	--
Total Government	27,156,119	17,468,352	1,364,827	606,653
General Revenues				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Debt Service				
Sales Taxes				
Franchise and Other Taxes				
Hotel Occupancy Taxes				
Unrestricted Investment Earnings				
Other Revenues				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position at Beginning of Year				
NET POSITION AT END OF YEAR				

The notes to the financial statements are an integral part of this statement

Exhibit 2

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
(2,723,082)	–	(2,723,082)
(4,295,628)	–	(4,295,628)
(1,123,270)	–	(1,123,270)
(1,426,222)	–	(1,426,222)
(708,391)	–	(708,391)
(833,318)	–	(833,318)
(11,109,911)	–	(11,109,911)
–	3,214,531	3,214,531
–	204,439	204,439
–	311,423	311,423
–	(336,769)	(336,769)
–	3,393,624	3,393,624
(11,109,911)	3,393,624	(7,716,287)
3,876,999	–	3,876,999
2,686,715	–	2,686,715
2,857,039	–	2,857,039
1,096,677	–	1,096,677
914,803	–	914,803
49,313	30,785	80,098
281,318	6,810	288,128
703,911	(703,911)	–
12,466,775	(666,316)	11,800,459
1,356,864	2,727,308	4,084,172
16,638,295	24,661,473	41,299,768
17,995,159	27,388,781	45,383,940

CITY OF ROCKPORT, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2020

	GENERAL	DEBT SERVICE	2020 CAPITAL PROJECT	NONMAJOR GOVERNMENTAL
ASSETS				
Cash and Cash Equivalents (Note 2)	960,480	897,930	--	2,005,055
Investments (Note 2)	488,000	--	--	--
Receivables, Net of Allowance for Uncollectible				
Property Taxes	92,180	61,892	--	--
Other Taxes	510,129	--	--	376,387
Accounts	276,774	--	--	15,203
Intergovernmental	1,336,969	--	--	179,077
Due from Other Funds (Note 7)	1,007,406	141,587	--	--
Inventories	50,841	--	--	--
Restricted Cash and Investments				
Cash and Cash Equivalents	--	--	14,720,355	5,077,377
TOTAL ASSETS	4,722,779	1,101,409	14,720,355	7,653,099
LIABILITIES AND FUND BALANCE				
Accounts Payable	294,140	--	--	174,110
Contractor's Retainage	--	--	--	486,059
Accrued Expenditures	39,474	--	--	6,204
Due to Other Funds (Note 7)	--	--	--	776,110
Unearned Revenue	248,912	61,892	--	15,203
Unclaimed Property	53,223	--	--	--
Total Liabilities	635,749	61,892	--	1,457,686
Fund Balance (Note 11)				
Nonspendable	50,841	--	--	--
Restricted				
Capital Projects	--	--	14,720,355	4,485,680
Tourism	100,000	--	--	1,027,645
Public Safety	--	--	--	368,903
Public Access TV	--	--	--	249,958
Security and Technology	--	--	--	13,374
Specified by Donors	--	--	--	11,384
Key Allegro Property Improvements	--	--	--	232
Child Safety	--	--	--	2,211
Committed	--	1,039,517	--	--
Assigned	--	--	--	734,775
Unassigned	3,936,189	--	--	(698,749)
Total Fund Balance	4,087,030	1,039,517	14,720,355	6,195,413
TOTAL LIABILITIES AND FUND BALANCE	4,722,779	1,101,409	14,720,355	7,653,099

The notes to the financial statements are an integral part of this statement

Exhibit 3-A

TOTAL GOVERNMENTAL
3,863,465
488,000
154,072
886,516
291,977
1,516,046
1,148,993
50,841
19,797,732
28,197,642
468,250
486,059
45,678
776,110
326,007
53,223
2,155,327
50,841
19,206,035
1,127,645
368,903
249,958
13,374
11,384
232
2,211
1,039,517
734,775
3,237,440
26,042,315
28,197,642


CITY of ROCKPORT, TEXAS
Est. 1870

Exhibit 3-B

CITY OF ROCKPORT, TEXAS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balance - Total Governmental Funds		26,042,315
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. The cost of assets in governmental activities and the accumulated depreciation are as follows		
Capital Assets (Excluding Internal Service of $129,166)	41,239,965	
Accumulated Depreciation (Excluding Internal Service of $42,318)	(10,118,715)	31,121,250
Ad valorem taxes received after 60 days of year-end are not considered available revenues and are deferred in the governmental funds		169,275
Deferred Outflows and Inflows are not reported in governmental funds as follows		
Deferred Loss on Bond Refunding	419,285	
Deferred Outflows Related to Pensions (Excluding Internal Service $100,790)	1,005,600	
Deferred Outflows Related to OPEB (Excluding Internal Service $12,379)	352,459	
Deferred Inflows Related to Pensions (Excluding Internal Service $648)	(832,936)	
Deferred Inflows Related to OPEB (Excluding Internal Service $8,996)	(557,457)	386,951
Some liabilities are not due and payable in the current period and therefore are not reported in funds. A detail of these liabilities follows		
Long-Term Debt	(31,572,589)	
Net Pension Liability (Excluding Internal Service $246,487)	(3,817,679)	
OPEB Liability (Excluding Internal Service $189,206)	(3,296,413)	
Accumulated Compensated Absences (Excluding Internal Servic $17,845)	(564,050)	
Accrued interest	(90,115)	(39,340,846)
Internal service funds are used by management to charge cost of fleet management to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities of net position.		(383,786)
NET POSITION OF GOVERNMENTAL ACTIVITY		17,995,159

The notes to the financial statements are an integral part of this statement

CITY OF ROCKPORT, TEXAS
GOVENMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2020

	GENERAL FUND	DEBT SERVICE	2020 CAPITAL PROJECT	NONMAJOR GOVERNMENTAL
Revenues				
Taxes and Business Fees	7,587,120	2,686,715	--	1,113,370
Licenses and Permits	502,005	--	--	--
Intergovernmental	829,848	--	--	1,093,548
Fines and Forfeitures	152,108	--	--	14,662
Charges for Services	54,540	--	--	--
Interest on Investments	16,032	5	355	32,921
Oher Revenues	333,474	--	--	129,876
Total Revenues	9,475,127	2,686,720	355	2,384,377
Expenditures				
Current				
General Government	3,514,249	--	--	103,408
Public Safety	3,560,889	--	--	1,153,637
Public Works	964,965	--	--	--
Culture and Recreation	1,079,974	--	--	54,906
Tourism	--	--	--	708,391
Debt Service				
Principal Retirement	54,382	1,627,693	--	8,949
Interest and Fiscal Charges	57,404	544,269	--	1,326
Bond Issuance Cost	--	--	219,543	--
Capital Outlays	266,579	--	--	1,374,603
Total Expenditures	9,498,442	2,171,962	219,543	3,405,220
Revenues Over (Under) Expenditures	(23,315)	514,758	(219,188)	(1,020,843)
Other Financing Sources (Uses)				
Tax Notes Issued			14,505,000	
Premium on Bonds Issued	--	--	434,543	--
Transfers In (Note 7)	1,704,037	--	--	933,042
Transfers Out (Note 7)	(1,095,490)	(110,933)	--	(690,740)
Total Other Financing Sources (Uses)	608,547	(110,933)	14,939,543	242,302
Net Change in Fund Balance	585,232	403,825	14,720,355	(778,541)
Fund Balance at Beginning of Year	3,501,798	635,692	--	6,973,954
Fund Balance at End of Year	4,087,030	1,039,517	14,720,355	6,195,413

The notes to the financial statements are an integral part of this statement

Exhibit 4-A

TOTAL GOVERNMENTAL
11,387,205
502,005
1,923,396
166,770
54,540
49,313
463,350
14,546,579
3,617,657
4,714,526
964,965
1,134,880
708,391
1,691,024
602,999
219,543
1,641,182
15,295,167
(748,588)
14,505,000
434,543
2,637,079
(1,897,163)
15,679,459
14,930,871
11,111,444
26,042,315

Exhibit 4-B

CITY OF ROCKPORT, TEXAS
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

Net Change in Fund Balances - Total Governmental Funds		14,930,871
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense Capital outlays exceed depreciation as follows:		
Capital Outlays (Excluding Internal Service $23,128)	1,641,182	
Depreciation (Excluding Internal Service $11,704)	(1,057,330)	583,852
Loss on Sales and Retirements of Capital Assets		(182,031)
Delinquent property taxes, net of allowance, are not reported in the governmental funds. This is the amount receivables decreased this year		44,099
Certain utility bill tax receivables and special assessments that are deferred in governmental funds		929
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.		
Tax Bonds Issued	(14,505,000)	
Premium on Bonds Issued	(434,543)	
Principal Retirement	1,691,024	
Accrued Interest on Bonds	6,319	
Amortization of Bond Premiums	140,509	
Amortization of Deferred Charges on Refunding	(157,604)	(13,259,295)
Expenditures are recognized in the governmental funds when paid or due for items not normally paid with available financial resources. However, the Statement of Activities is presented on an accrual basis and expenses reported when incurred. This amount is the net effect of these differences		
Pension Cost, Net	(414,045)	
OPEB Expense	(242,302)	
Compensated Absence Expense	(74,526)	(730,873)
Internal service funds are used by management to charge costs of fleet maintenance to individual funds. The net expenses and transfers to the business-type activities is reported in governmental activities		(30,688)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		1,356,864

The notes to the financial statements are an integral part of this statement.

Exhibit 5

CITY OF ROCKPORT, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2020

	BUDGET			VARIANCE FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Revenues				
Taxes and Business Fees	8,040,772	8,040,772	7,587,120	(453,652)
Licenses and Permits	439,600	439,600	502,005	62,405
Intergovernmental	91,300	91,300	829,848	738,548
Fines and Forfeitures	256,000	256,000	152,108	(103,892)
Charges for Services	61,035	61,035	54,540	(6,495)
Interest on Investments	20,000	20,000	16,032	(3,968)
Other Revenues	70,570	70,570	333,474	262,904
Total Revenues	8,979,277	8,979,277	9,475,127	495,850
Expenditures				
Current				
General Government	3,356,930	3,356,930	3,514,249	(157,319)
Public Safety	3,767,868	3,767,868	3,560,889	206,979
Public Works	1,441,453	1,441,453	964,965	476,488
Culture and Recreation	1,152,249	1,152,249	1,079,974	72,275
Debt Service				
Principal Retirement	–	–	54,382	(54,382)
Interest and Fiscal Charges	–	–	57,404	(57,404)
Bond Issuance Cost	–	–	–	–
Capital Projects	203,300	203,300	266,579	(63,279)
Total Expenditures	9,921,800	9,921,800	9,498,442	423,358
Revenues Under Expenditures	(942,523)	(942,523)	(23,315)	919,208
Other Financing Sources (Uses)				
Community Disaster Loan	351,251	351,251	–	(351,251)
Transfers In	1,664,666	1,664,666	1,704,037	39,371
Transfers Out	(1,073,394)	(1,073,394)	(1,095,490)	(22,096)
Total Other Financing Sources	942,523	942,523	608,547	(333,976)
Net Change in Fund Balance	–	–	585,232	585,232
Fund Balance at Beginning of Year	3,501,798	3,501,798	3,501,798	–
Fund Balance at End of Year	3,501,798	3,501,798	4,087,030	585,232

The notes to the financial statements are an integral part of this statement.

CITY OF ROCKPORT, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITIONS
SEPTEMBER 30, 2020

	WATER & SEWER	NATURAL GAS	SANITATION	COMMUNITY AQUATIC CENTER
ASSETS				
Cash and Cash Equivalents (Note 2)	7,756,180	381,662	600,502	--
Investments (Note 2)	488,000	--	--	--
Receivables Net of Allowance for Uncollectible Accounts	1,115,299	130,004	230,040	--
Due from Other Funds (Note 7)	530,005	--	--	--
Inventories	204,281	51,565	--	--
Restricted Cash and Investments				
Cash and Cash Equivalents (Note 2)	247,065	840,472	--	--
Total Current Assets	10,340,830	1,403,703	830,542	--
Land and Construction in Progress (Note 3)	204,286	--	--	104,300
Other Capital Assets, Net of Accumulated Depreciation (Note 3)	35,310,847	5,408,180	--	741,896
Net Capital Assets	35,515,133	5,408,180	--	846,196
Total Noncurrent Assets	35,515,133	5,408,180	--	846,196
Total Assets	45,855,963	6,811,883	830,542	846,196
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Bond Refundings	298,416	--	--	--
Deferred Outflows Related to Pensions	267,067	89,292	--	--
Deferred Outflows Related to OPEB	124,561	45,528	--	--
Total Deferred Outflows of Resources	690,044	134,820	--	--
LIABILITIES				
Accounts Payable	470,549	62,552	235,679	1,127
Contractor's Retainage	--	--	--	--
Accrued Expenses	12,225	4,278	--	721
Accrued Interest	149,313	51,210	--	--
Due To Other Funds (Note 7)	141,452	417,098	--	177,733
Customers' Deposits	1,582,631	--	--	--
Current Portion of Long-Term Liabilities (Note 4)				
Long-Term Debt (Noter 5 and 6)	1,616,642	175,801	--	--
Compensated Absences	52,487	10,869	--	--
Total Current Liabilities	4,025,299	721,808	235,679	179,581
Long-Term Liabilities, Excluding Current Portion (Note 4)				
Long-Term Debt (Note 5)	14,245,553	3,846,431	--	--
Compensated Absences	156,839	32,478	--	--
Net Pension Liability (Note 9)	1,013,897	338,990	--	--
OPEB Liability (Note 10)	1,784,906	639,984	--	--
Total Noncurrent Liabilities	17,201,195	4,857,883	--	--
Total Liabilities	21,226,494	5,579,691	235,679	179,581
DEFERRED INFLOWS				
Deferred Gain on Bond Refunding	1,628	--	--	--
Deferred Inflows Related to Pensions	221,211	73,960	--	--
Deferred Inflows Related to OPEB	203,908	58,515	--	--
	426,747	132,475	--	--
			--	
NET POSITION				
Invested in Capital Assets, Net of Related Debt	20,613,888	1,809,322	--	846,196
Unrestricted	4,278,878	(574,785)	594,863	(179,581)
TOTAL NET POSITION	24,892,766	1,234,537	594,863	666,615

The notes to the financial statements are an integral part of this statement

Exhibit 6

TOTAL PROPRIETARY	INTERNAL SERVICE FLEET
8,738,344	--
488,000	--
1,475,343	--
530,005	--
255,846	66,277
1,087,537	--
12,575,075	66,277
308,586	--
41,460,923	74,685
41,769,509	74,685
41,769,509	74,685
54,344,584	140,962
298,416	--
356,359	37,969
170,089	15,597
824,864	53,566
769,907	(1,932)
--	--
17,224	2,151
200,523	--
736,283	166,605
1,582,631	--
1,792,443	--
63,356	6,594
5,162,367	173,418
18,091,984	--
189,317	19,703
1,352,887	144,145
2,424,890	188,969
22,059,078	352,817
27,221,445	526,235
1,628	--
295,171	31,449
262,423	20,630
559,222	52,079
23,269,406	74,685
4,119,375	(458,471)
27,388,781	(383,786)

CITY OF ROCKPORT, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS
YEAR ENDED SEPTEMBER 30, 2020

	WATER & SEWER	NATURAL GAS	SANITATION	COMMUNITY AQUATIC CENTER
Operating Revenues				
Charges for Services	12,137,157	2,099,457	2,463,510	47,449
Operating Expenses				
Personal Services	2,013,111	687,646	--	222,455
Contractual Services	590,043	58,296	2,159,054	21,121
Maintenance	3,990,597	111,905	--	48,623
Supplies	93,847	612,330	--	68,715
Other	314,035	16,994	(6,967)	4,482
Depreciation	1,336,632	269,758	--	66,905
Total Operating Expenses	8,338,265	1,756,929	2,152,087	432,301
Operating Income (Loss)	3,798,892	342,528	311,423	(384,852)
Nonoperating Revenue (Expenses)				
Interest on Investments	30,785	--	--	--
Payments From Other Governments	--	--	--	48,083
Interest Expense and Fiscal Charges	(579,542)	(136,704)	--	--
Other Revenues	6,810	--	--	--
Net Nonoperating Revenues (Expenses)	(541,947)	(136,704)	--	48,083
Income Before Transfers	3,256,945	205,824	311,423	(336,769)
Transfers In (Note 7)	1,186,345	110,933	--	172,108
Transfers Out (Note 7)	(1,654,356)	(507,102)	(8,375)	(9,668)
Total Operating Transfers	(468,011)	(396,169)	(8,375)	162,440
Net Income (Loss)	2,788,934	(190,345)	303,048	(174,329)
Net Position at Beginning of Year	22,103,832	1,424,882	291,815	840,944
NET POSITIONS END OF YEAR	24,892,766	1,234,537	594,863	666,615

The notes to the financial statements are an integral part of this statement.

Exhibit 7

TOTAL PROPRIETARY	INTERNAL SERVICE FLEET
16,747,573	729,347
2,923,212	254,287
2,828,514	141,029
4,151,125	19,613
774,892	301,544
328,544	1,597
1,673,295	12,163
12,679,582	730,233
4,067,991	(886)
30,785	–
48,083	–
(716,246)	–
6,810	–
(630,568)	–
3,437,423	(886)
1,469,386	–
(2,179,501)	(29,802)
(710,115)	(29,802)
2,727,308	(30,688)
24,661,473	(353,098)
27,388,781	(383,786)

CITY OF ROCKPORT, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020

	WATER & SEWER	NATURAL GAS	SANITATION	COMMUNITY AQUATIC CENTER
Cash Flows from Operating Activities				
Receipts from Customers	12,045,074	2,096,517	2,442,399	47,449
Receipts from Interfund Services Provided	--	--	--	--
Payments to Suppliers	(5,780,261)	(995,944)	(2,127,251)	(182,531)
Payments to Employees	(1,122,734)	(414,884)	--	(185,429)
Net Cash Provided by Operating Activities	5,142,079	685,689	315,148	(320,511)
Cash Flows from Noncapital Financing Activities				
Change in Interfund Borrowings	3,004,112	(665,783)	--	109,588
Transfers In from Other Funds	1,186,345	110,933	--	162,440
Transfers Out to Other Funds	(1,654,356)	(507,102)	(8,375)	--
Net Cash Provided by (Used for) Noncapital Financing Activities	2,536,101	(1,061,952)	(8,375)	272,028
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(748,601)	--	--	--
Principal Paid on Long-term Debt	(1,432,304)	(183,578)	--	--
Interest Expense and Fiscal Charges	(731,334)	(164,593)	--	--
Payments from Other Governments	--	--	--	48,083
Net Cash Provided (Used) for Capital and Related Financing Activities	(2,912,239)	(348,171)	--	48,083
Cash Flows from Investing Activities				
Interest on Investments	116,631	--	--	--
Net Cash Provided (Used) by Investing Activities	116,631	--	--	--
Increase (Decrease) in Cash and Cash Equivalents	4,882,572	(724,434)	306,773	(400)
Cash and Cash Equivalents at Beginning of Year Including Restricted Accounts	3,120,673	1,946,568	293,729	400
Cash and Cash Equivalents at End of Year	8,003,245	1,222,134	600,502	--

Exhibit 8

TOTAL PROPRIETARY	INTERNAL SERVICE FLEET
16,631,439	7,357
--	724,527
(9,085,987)	(579,922)
(1,723,047)	(170,669)
5,822,405	(18,707)
2,447,917	48,509
1,459,718	--
(2,169,833)	(29,802)
1,737,802	18,707
(748,601)	--
(1,615,882)	--
(895,927)	--
48,083	--
(3,212,327)	--
116,631	--
116,631	--
4,464,511	--
5,361,370	--
9,825,881	--

(Continued)

CITY OF ROCKPORT, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019

	WATER & SEWER	NATURAL GAS	SANITATION	COMMUNITY AQUATIC CENTER
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	3,798,892	342,528	311,423	(384,852)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	1,336,632	269,758	--	66,905
Nonoperating Revenues	6,810	--	--	--
Changes in Assets, Liabilites and Deferred				
Accounts Receivable	(138,900)	(2,940)	(21,111)	--
Inventories	(63,105)	17,003	--	--
Deferred Outflows Related to Pension	360,239	116,154	--	--
Deferred Outflows Related to OPEB	(30,629)	(9,026)	--	--
Accounts Payable	4,061	6,952	24,836	(2,910)
Accrued Expenses	2,757	1,097	--	346
Customer Deposits	40,007	--	--	--
Compensated Absences	9,989	1,199	--	--
OPEB Liability	(11,368)	(2,327)	--	--
Net Pension Liability	(520,218)	(163,442)	--	--
Deferred Inflows Related to Pension	217,175	72,638	--	--
Deferred Inflows Related to OPEB	129,737	36,095	--	--
Net Cash Provided (Used) by Operating Activities	5,142,079	685,689	315,148	(320,511)

The notes to the financial statements are an integral part of this statement

Exhibit 8
(Continuation)

TOTAL ENTERPRISE	INTERNAL SERVICE FLEET
4,067,991	(886)
1,673,295	12,163
6,810	–
(162,951)	2,537
(46,102)	(1,380)
476,393	62,821
(39,655)	(3,218)
32,939	(40,010)
4,200	958
40,007	–
11,188	8,452
(13,695)	(237)
(683,660)	(102,342)
289,813	30,801
165,832	11,634
5,822,405	(18,707)

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rockport, Texas (the City) was incorporated in 1871 under the provisions of the laws for the State of Texas. The City operates under a Home-Rule Charter, which was adopted on April 12, 1983, and provides the following services, as authorized, by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administration services. Other services include utilities. The City operates with a Council-Manager type of government, where the City Council consists of the mayor and four council members. The mayor is elected at large and one council member is elected from each of four wards.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

A. Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate organizations as component units within the City's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards. Based on this criterion, the City has no component units.

B. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. The effect of interfund activity, within the government and business-type activities columns, has been removed from these statements. However, any interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and 2) operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

C. Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds.

General Fund – The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Capital Project Fund – The 2020 Capital Project Fund is used to account for the proceeds and related expenditures of the 2020 Tax Notes.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination on net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds.

Water and Sewer Fund – Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary, to ensure integrity of the funds.

Natural Gas Fund – Natural Gas Fund is used to account for the provision of natural services to the residents of the City. Activities of the fund include administration, operations and maintenance of the gas system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for natural gas debt. All costs are financed through charges to natural gas customers with rates reviewed regularly and adjusted if necessary, to ensure integrity of the funds.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

Sanitation Fund – Sanitation Fund is used to account for the sanitation services provide through a contract with Republic Services for curbside collection of solid waste and comingled recyclables. Activities of the fund include collection of revenues and payments to the service provider. All costs are financed through charges to customers.

Community Aquatic Center Fund – Community Aquatic Center Fund is used to account for the water-based programs provided to the citizens of the City, Aransas County and the Town of Fulton. Activities of the fund include administration, operations and maintenance of the Community Aquatic Center and billing and collection activities. All costs are financed through charges for water-based programs and intergovernmental revenue from Aransas County and the City of Fulton.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented in the summary form as part of the proprietary fund financial statements. The City's internal service funds account for vehicle maintenance services to other departments within the City on a cost-reimbursement basis. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level in the Statement of Net Position. The net activity of these services is offset against the appropriate functional activity in the Statement of Activities. This complies with the City's policy of eliminating internal activity from the government-wide statements.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt services expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

When both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first, then unrestricted resources, as needed.

E. Budgetary Control

Annual budgets are adopted for General Fund, Utility Surcharge Fund, Hotel/Motel Occupancy Tax Fund, Municipal Court Security & Technology Fund, City/County Dispatch Fund and Debt Service Fund.

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. On or before the first regular scheduled meeting in August of each year, the City Manager submits a proposed budget for the ensuing fiscal year. The City council reviews the proposed budget and makes any appropriate changes prior to publishing the final budget. The Council holds a public hearing on the proposed budget.

At a regular or special meeting, not fewer than seven days after the public hearing, the City Council will adopt the budget by ordinance on one reading. Adopting of the budget shall constitute appropriation of the amounts specified therein as expenditures from the funds indicated and constitutes a levy of property tax therein proposed.

Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council.

The City prepares all budgets on a "GAAP" basis.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

F. Cash and Cash Equivalents

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's equity in the pooled cash accounts is available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with maturity of ninety days or less are also considered to be "cash equivalents". Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

G. Investments

This City's reports money market investments and short-term participating interest-earning investment contracts at amortized cost and reports nonparticipating interest-earning investment contracts using a cost-based measure. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investments.

H. Property Tax

Property taxes attach, as an enforceable lien, on property as of January 1. The City's property tax is levied each October 1 on the basis of assessed values at the date the enforceable lien attaches. Appraised values are established by the Aransas County Appraisal District, assessed at 100% of appraised value, approved by the Aransas County Appraisal Review Board, and certified by the Chief Appraiser. Responsibility for the billing and collection of the City's taxes is contracted to Aransas County as an efficiency measure.

Taxes are due on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed. Taxes become delinquent on February 1 at which time penalty and interest charges are applicable. Property tax revenues are recorded as revenues when they become available.

I. Receivables

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is based on historical experience in collecting tax receivables.

Utility revenue is recorded when earned. Customers are billed monthly.

Note I – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

J. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using either the first-in/first-out method or the average cost method.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Outlays for capital assets are capitalized as projects are constructed. Infrastructure assets begin depreciating at the end of the year in which costs are incurred. Other capital assets begin depreciating when the asset is placed in service.

Assets capitalized have an original cost of $5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

ASSETS	LIFE IN YEARS
Buildings	20-40
Water and Sewer System	5-50
Infrastructure	50
Machinery and Equipment	5-10
Improvements Other than Buildings	20
Vehicles	3-10

L. Accumulated Unpaid Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These benefits are accounted for using the termination payment method. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. Expenditures are recorded in the governmental funds as employees resign or retire. In governmental funds, compensated absences liabilities are paid from the funds reporting payroll and related expenditures which is mainly the general fund.

M. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the governmental funds. Bond discounts and issuance costs are treated as costs in the year issued.

N. Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Codification Section P20 – Pension Activities.

O. Other Postretirement Employee Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to City of Rockport Retiree Health Care Plan (Plan), and OBEB expense, information about the fiduciary net position and additions to/deductions for the Plan's fiduciary net position have been using the flow of economic resources measurement focus and full accrual basis of accounting. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

P. Fund Equity

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Invested in Capital Assets
This category represents the net carrying value of all capital assets, reduced by the outstanding balances of long-term debt that are attributable to the acquisition, construction or improvement of these assets.

Restricted
The restricted component of net position represents restricted assets reduced by liabilities related to those assets. This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted
This category is the "residual" component of net position. It consists of net position that does not meet the definition of "restricted" or "net invested in capital assets."

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

In the governmental fund financial statements, the components of fund balances reflect policies and procedures established by actions of the City Council and its designated officials.

The *nonspendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include inventories and prepaid items, long-term advances, long-term receivables, and nonfinancial assets held for resale.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by Council ordinance or resolution no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council and the City Manager, have the authority to assign amounts for a specific purpose. The residual fund balance that is not Restricted or Committed in governmental funds except the General Fund is assigned.

The *unassigned* fund balance represents the spendable net resources that have not been restricted, committed, or assigned to specific purposes.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions used to determine pension and OPEB liabilities – These differences are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This year, the City has the following items that qualify for reporting in this category.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension or OPEB experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

R. Spending Prioritization in Using Available Resources

When both restricted resources and other resources (i.e., committed, assigned and unassigned) can be used for the same purpose, the City budget considers restricted resources to be spent first.

When committed, assigned and unassigned resources can be used for the same purpose, the flow assumption in the City budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

S. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amount reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 – CASH AND INVESTMENTS

The Public Funds Investment Act (Texas Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. It requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety of principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in: 1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers' acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

An escrow account that was set up as part of the Energy Conservation Bond and related agreements, was not covered by collateral held by the City's agent in the City's name. $250,000 was covered by federal deposit insurance but the remaining balance of $688,334 was uncollateralized as of September, 30, 2020.

Note 2 – CASH AND INVESTMENTS – (Continuation)

At September 30, 2020, the carrying amount of the City's cash deposits was $12,337,083 and the bank balance was $12,781,397. The City's bank balances at September 30, 2020 and during the period ended September 30, 2020, were covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name, with the exception of the escrow account mentioned above. The City also had $1,601 in cash on hand.

As of September 30, 2020, the City had $5,584,161 invested in Texpool and the Texas Daily Funds. This investment is included in cash and cash equivalents because of its short-term maturity.

As of September 30, 2020, the City had $976,000 invested in certificates of deposit that are included as investments.

Interest Rate Risk – In compliance with the City's Investment Policy the City minimized the interest rate risk in the portfolio, related to current market events, by limiting the weighted average maturity to a maximum of two years.

Credit Risk – In accordance with state law and the City's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The City's investments in investment pools were rated AAA.

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. In addition to other provisions of the PFIA designed to promote liquidity and safety of principal, the (PFIA) requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. All investments noted above have been rated AAA-m by Standard & Poor's and AAA by Moody's.

Concentrations of Credit Risk – The City does not place a limit on the amount the City may invest in any one issuer. The City does not have a concentration of credit risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a custodial credit risk.

Note 3 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2020 was as follows:

	BEGINNING BALANCE	ADDITIONS & TRANSFERS	RETIREMENTS	ENDING BALANCE
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	9,714,430	479,571	--	10,194,001
Construction in Progress	669,976	15,877	--	685,852
Total Capital Assets, Not Being Depreciated	10,384,406	495,448	--	10,879,853
Infrastructure	17,239,048	260,632	--	17,499,680
Building and Improvements	4,831,702	--	--	4,831,702
Improvements other than Bldg	3,224,559	500,881	201,041	3,524,399
Machinery and Equipment	5,610,391	384,222	1,361,116	4,633,497
Total Capital Assets, Being Depreciated	30,905,700	1,145,735	1,562,157	30,489,278
Less Accumulated Depreciation				
Infrastructure	3,222,959	368,200	--	3,591,159
Building and Improvements	1,689,131	125,693	--	1,814,824
Improvements other than Bldg	1,207,756	167,468	134,128	1,241,096
Machinery and Equipment	4,363,983	408,132	1,245,998	3,526,117
Total Accumulated Depreciation	10,483,829	1,069,493	1,380,126	10,173,196
Total Capital Assets, Being Depreciated, Net	20,421,871	76,242	182,031	20,316,082
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	30,806,277	571,690	182,031	31,195,935

Note 3 – CAPITAL ASSETS - (Continuation)

	BEGINNING BALANCE	ADDITIONS & TRANSFERS	RETIREMENTS	ENDING BALANCE
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	214,953	--	--	214,953
Construction in Progress	534,477	(440,844)	--	93,633
Total Capital Assets, Not Being Depreciated	749,431	(440,844)	--	308,586
Building and Improvements	6,207,831	--	--	6,207,831
Water System	28,106,583	1,089,692	--	29,196,275
Sewer System	23,928,848	21,650	--	23,950,498
Natural Gas System	6,812,023	--	--	6,812,023
Machinery and Equipment	2,746,968	77,653	690,378	2,134,243
Total Capital Assets, Being Depreciated	67,802,252	1,188,995	690,378	68,300,869
Less Accumulated Depreciation				
Building and Improvements	2,148,824	170,112	--	2,318,936
Water System	10,039,698	617,319	--	10,657,017
Sewer System	10,155,131	499,065	--	10,654,196
Natural Gas System	1,134,085	269,758	--	1,403,843
Machinery and Equipment	2,379,291	117,041	690,378	1,805,954
Total Accumulated Depreciation	25,857,029	1,673,295	690,378	26,839,946
Total Capital Assets, Being Depreciated, Net	41,945,223	(484,300)	--	41,460,923
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	42,694,654	(925,144)	--	41,769,510

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Depreciation Expense	
Governmental Activities:	
General Government	248,771
Public Safety	106,966
Public Works	512,140
Culture and Recreation	201,616
Total Governmental Activities	1,069,493
Business-Type Activities:	
Water & Sewer	1,336,632
Natural Gas	269,758
Aquatic Center	66,905
Total Business-Type Activities	1,673,295

Note 4 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2020:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Governmental Activities					
General Obligations	11,182,155	--	1,318,928	9,863,227	1,359,754
Certificates of Obligation	4,715,000	--	215,000	4,500,000	225,000
Tax Notes	--	14,505,000	--	14,505,000	500,000
Energy Conservation Bond	1,359,424	--	54,382	1,305,042	57,310
Premium on Bonds	697,736	434,543	146,488	985,791	190,088
Capital Leases	516,242	--	102,714	413,528	102,714
Total Long-Term Debt	18,470,557	14,939,543	1,837,512	31,572,589	2,434,866
Compensated Absences	507,369	231,004	148,026	590,347	148,026
Pension Liability	5,688,339	(845,729)	880,786	3,961,824	--
OPEB Liabiltiy	3,500,161	519,566	534,345	3,485,382	--
Total Governmental Activities	28,166,426	14,844,384	3,400,669	39,610,142	2,582,892
Business-Type Activities					
General Obligations	9,777,845	--	631,072	9,146,773	1,175,246
Certificates of Obligation	3,455,000	--	680,000	2,775,000	150,000
Energy Conservation Bond	7,619,599	--	304,810	7,314,789	321,222
Premium on Bonds	803,743	--	155,878	647,865	145,975
Total Long-Term Debt	21,656,187	--	1,771,760	19,884,427	1,792,443
Compensated Absences	241,485	74,545	63,357	252,673	63,356
Pension Liability	2,036,547	(382,888)	300,772	1,352,887	--
OPEB Liability	2,438,585	257,325	271,020	2,424,890	--
Total Business-Type Activities	26,372,804	(51,018)	2,406,909	23,914,877	1,855,799

Pension and OPEB liabilities related to governmental activities are liquidated by the fund which the expense relates based on the employees included in the specific funds. The majority of the related expense is paid by the general fund.

Note 5 – LONG-TERM DEBT

The following is a summary of bonds payable as of September 30, 2020:

	GOVERNMENTAL ACTIVITY	BUSINESS-TYPE ACTIVITY
General Obligation Refunding Bonds, Series 2010 Original Issuance $2,905,000 Callable February 15, 2020 at par. Varying interest rates 2% to 4%	170,272	169,728
General Obligation Refunding Bonds, Series 2012 Original Issuance $6,880,000 Callable February 15, 2023 at par. Varying interest rates 1% to 3%	2,235,312	1,634,688
General Obligation Refunding Bonds, Series 2014 Original Issuance $5,430,000 Callable February 15, 2025 at par. Varying interest rates 2% to 4.25%	4,408,793	906,207
General Obligation Refunding Bonds, Series 2015 Original Issuance $7,125,000 Callable February 15, 2027 at par. Varying interest rates 2% to 3.75%	3,048,850	826,150
General Obligation Refunding Bonds, Series 2017 Original Issuance $5,710,000 Callable February 15, 2028 at par. Interest rate 4%	--	5,610,000
Total General Obligations	9,863,227	9,146,773
Combination Tax and Revenue Certificates of Obligation, Series 2014 Original Issuance $3,610000 Callable February 15, 2024 at par. Varying interest rates 3% to 4.5%	--	2,775,000
Combination Tax and Revenue Certificates of Obligation, Series 2015 Original Issuance $1,950,000 Callable February 15, 2025 at par. Varying interest rates 2% to 4%	1,600,000	--
Combination Tax and Revenue Certificates of Obligation, Series 2016 Original Issuance $3,275,000 Callable February 15, 2026 at par. Varying interest rates 3% to 4%	2,900,000	--
Total Certificates of Obligation	4,500,000	2,775,000
Tax Notes, Series 2020 Original Issuance $14,505,000 Redeamable after Feburary 15, 2025 at par. Interest Rate 3%.	14,505,000	--
Taxable Direct Pay Qualified Energy Conservation Bond Original Amount $9,319,538. Due in semi-annual Payments. Interest rate 4%	1,305,042	7,314,789
Total Debt	30,173,269	19,236,562

Note 5 – LONG-TERM DEBT – (Continuation)

The annual requirements to amortize all bonded debt from governmental and business-type activities as of September 30, 2020 are as follows:

YEAR ENDED SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	GENERAL OBLIGATION BONDS		CERTIFICATES OF OBLIGATION	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2021	1,359,754	340,692	225,000	145,950
2022	1,295,450	295,548	230,000	138,550
2023	1,343,454	249,940	240,000	130,338
2024	1,485,711	198,292	245,000	121,313
2025	1,538,738	141,644	255,000	112,006
2026-2030	2,840,122	106,158	1,420,000	428,637
2031-2035	--	--	1,660,000	177,231
2036-2038	--	--	225,000	3,375
	9,863,228	1,332,274	4,500,000	1,257,400

YEAR ENDED SEPTEMBER 30,	TAX NOTES		ENERGY CONSERVATION BOND	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2021	500,000	380,509	57,310	54,728
2022	645,000	410,475	60,342	52,266
2023	725,000	389,925	52,062	49,795
2024	755,000	367,725	66,582	47,434
2025	950,000	342,150	69,945	44,576
2026-2030	10,930,000	969,150	377,515	177,306
2031-2035	--	--	506,058	85,356
2036-2038	--	--	115,226	3,668
	14,505,000	2,859,934	1,305,041	515,131

Note 5 – LONG-TERM DEBT – (Continuation)

YEAR ENDED SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES GENERAL OBLIGATION BONDS PRINCIPAL	INTEREST	CERTIFICATES OF OBLIGATION PRINCIPAL	INTEREST
2021	1,175,246	325,296	150,000	111,050
2022	1,106,546	284,265	155,000	106,475
2023	1,106,546	244,442	160,000	100,950
2024	1,099,290	203,371	170,000	94,350
2025	1,141,263	161,369	175,000	87,231
2026-2030	3,559,880	251,214	1,005,000	314,608
2031-2035	--	--	960,000	83,726
2036-2038	--	--	--	--
	9,188,770	1,469,957	2,775,000	898,390

YEAR ENDED SEPTEMBER 30,	ENERGY CONSERVATION BOND PRINCIPAL	INTEREST
2021	321,222	306,753
2022	338,219	292,954
2023	291,811	279,104
2024	373,194	265,871
2025	392,045	249,848
2026-2030	2,115,987	993,817
2031-2035	2,836,468	478,421
2036-2038	645,843	20,559
	7,314,789	2,887,328

Note 6 – CAPITAL LEASES

The City has entered into a lease purchase agreement for the Public Safety Center with the County of Aransas, Texas. The City and County jointly paid for the facility to house the law enforcement entities. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. At September 30, 2020, the Center is carried at the cost of $1,607,000 net of accumulated depreciation of $602,625. The City acquired four vehicles under a lease purchase agreement that are carried at a cost of $44,914 net of accumulated depreciation of $21,706 as of September 30, 2020. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at September 30, 2020:

Note 6 – CAPITAL LEASES – (Continuation)

YEAR ENDED SEPTEMBER 30,	BUILDING	EQUIPMENT	TOTAL
2021	105,242	10,275	115,517
2022	105,641	5,137	110,778
2023	106,173	--	106,173
2024	105,905	--	105,905
	422,961	15,412	438,373
Less Amount Representing Interest	(23,931)	(916)	(24,847)
Total Capital Lease	399,030	14,496	413,526

Note 7 – INTERFUND TRANSACTIONS AND BALANCES

Interfund balances at September 30, 2020 consisted of the following individual fund balances:

	INTERFUND	
	RECEIVABLE	PAYABLE
Governmental Funds		
General Fund	1,007,406	--
Debt Service	141,587	--
Other Nonmajor Governmental Funds	--	776,110
Total Governmental Funds	1,148,993	776,110
Business-Type Funds		
Water & Sewer	530,005	141,452
Natural Gas	--	417,098
Community Aquatic Center	--	177,733
Total Business-Type Funds	530,005	736,283
Internal Service Fund	--	166,605
	1,678,998	1,678,998

The interfund balances at September 30, 2020 are for short-term loans to cover temporary cash flows requirements, amounts due to Water and Sewer from Natural Gas Funds for unspent bond proceeds in Natural Gas Fund to be used for construction of capital items for the Water and Sewer Fund and reimbursements for various funds.

Note 7 – INTERFUND TRANSACTIONS AND BALANCES (Continuation)

Interfund transfers during the year ended September 30, 2020 were as follows:

	TRANSFERS OUT		
	GENERAL	NONMAJOR GOVERNEMTAL	WATER & SEWER
TRANSFERS IN			
General	--	923,382	--
Debt Service	--	--	--
Nonmajor Governmental	28,517	--	662,223
Water & Sewer	1,434,229	--	220,127
Natural Gas	203,106	--	303,996
Sanitation	8,375	--	--
Community Aquuatic Center	9,668	--	--
Internal Service	20,142	9,660	--
TRANSFER IN	1,704,037	933,042	1,186,346

	NATURAL GAS	COMMUNITY AQUATIC CENTER	TOTAL TRANSFERS OUT
General	--	172,108	1,095,490
Debt Service	110,933	--	110,933
Nonmajor Governmental	--	--	690,740
Water & Sewer	--	--	1,654,356
Natural Gas	--	--	507,102
Sanitation	--	--	8,375
Community Aquuatic Center	--	--	9,668
Internal Service	--	--	29,802
TRANSFER IN	110,933	172,108	4,106,466

The Water & Sewer transfers to the General Fund were for an allocated amount for administrative service charges. and the transfer to Debt Service were payment of Debt Service related to the various bond series. Transfers from Nonmajor Governmental to Water & Sewer and Natural Gas are for capital expenditures. Transfer to Nonmajor Governmental Funds is for vehicle and equipment replacement and to cover deficits.

Note 8 – PROPERTY TAXES

The City's taxes are billed and collected by the Aransas County Tax Office. Ad valorem taxes of $6,034,776 were assessed on property values totaling $1,142,812,958 using a tax rate of $0.420082 ($0.248154 for maintenance and operations and $0.171928 for debt service) per $100 assessed value.

Note 9 – DEFINED BENEFIT PENSION PLAN

Plan Description.

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. The City of Rockport provides retirement and supplemental death benefits to its employees and retirees.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

The City granted monetary credit for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee with interest, prior to establishment of the Plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his or her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits with interest were used to purchase an annuity.

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

The plan provisions are adopted by the City Council within the options available in statutes governing TMRS. Plan provisions for the City are as follows:

Employee Deposit Rate	6.75%
Matching Rate (City to Employee)	2 to 1
Years Required for Vesting	10
Service Retirement Eligibility (Expressed as Age/Years of Service)	20 years at any age, 10 years at age 60 and above

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	75
Inactive Employees Entitled to but not Yet Receiving Benefits	68
Active Employees	114
	257

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Rockport were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2020, the City made contributions of 17.69% which included .024%, for supplemental death benefits for the calendar year 2019 and 18.13% which included .026% for supplemental death benefits for the calendar year 2020.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment Expense, including inflation

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males' rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2019, valuation was based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2014 through 2018, and dated December 31, 2018. These assumptions were first used in the December 31, 2019 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED RATE OF RETURN (ARITHMETIC)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

Changes in the Net Pension Liability

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY
Balance at 12/31/2018	33,859,613	26,134,727	7,724,886
Change for the Year			
Service Cost	1,164,313	--	1,164,313
Interest	2,271,179	--	2,271,179
Difference Between Expected and Actual Experience	(350,839)	--	(350,839)
Changes in Assumptions	76,395	--	76,395
Contributions - Employer	--	1,108,588	(1,108,588)
Contributions - Employee	--	444,879	(444,879)
Net Investment Income	--	4,041,271	(4,041,271)
Benefit Payments, Including Refunds of Employee Contributions	(1,589,356)	(1,589,356)	--
Administrative Expenses	--	(22,830)	22,830
Other Changes	--	(685)	685
Net Changes	1,571,692	3,981,867	(2,410,175)
BALANCE 12/31/2019	35,431,305	30,116,594	5,314,711

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

Discount rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% DECREASE 5.75%	CURRENT SINGLE RATE ASSUMPTION 6.75%	1% INCREASE 7.75%
City's Net Pension Liability	10,217,037	5,314,711	1,294,390

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at ww.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of $1,708,264 This amount is included as part of Personal Services expenses within the functional program activities.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOW OF RESOURCES
Pension Contributions after Measurement Date	906,242	--
Difference in Projected and Actual Earnings on Pension Assets	--	901,532
Difference in Projected and Actual Pension Experience	437,501	258,024
Difference in Actuarial Assumptions Used to Determine Pension Liability	56,185	--
TOTAL	1,399,928	1,159,556

Note 9 – DEFINED BENEFIT PENSION PLAN – (Continuation)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $906,242 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 (i.e., recognized in the city's financial statements September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

MEASUREMENT YEAR ENDED DECEMBER 31,	
2020	55,588
2021	(277,768)
2022	11,747
2023	(455,437)
TOTAL	(665,870)

Note 10 – OTHER POST-EMPLOYMENT BENEFITS

The City provides for two post-employment benefit (OPEB) plans; one provides for post-employment medical care through a single-member defined benefit medical play (Medical OPEB) and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), a single-employer defined benefit OPEB Plan. Both plans are described in detail below.

Aggregate amounts for the two OPEB Plans are as follows:

	MEDICAL OPEB	TMRS SDBF	TOTAL
Total OPEB Liability	5,473,827	436,445	5,910,272
Deferred Outflow of Resources	460,923	77,222	538,145
Deferred Inflow of Resources	795,636	44,874	840,510
OPEB Expense	480,876	35,666	516,542

MEDICAL BENEFITS

Plan Description

In addition to the pension benefits described in Note 9, as required by state law and defined by City Policy, the City makes available health care benefits to employees who retire from the City as follows:

- Retirement before 4/24/2001 – City pays 100% of premium.
- Retirement after 4/24/2001 with ten years of service – City pays 50% of the premium. The percentage of premium paid increases annually and at twenty years of service the City pays 80% of the premium.

Note 10 – OTHER POST-EMPLOLYMENT BENEFITS – (Continuation)

Early retirement, and duty disabled benefits are the same as above but if retiring after 4/24/2001, at age 65, the retiree must apply for Medicare and the City furnishes a Medicare Supplemental Policy.

After 4/24/2001, eligible employees must enroll for this coverage within thirty days of retirement.

The health care benefit provided by the plan is for the retiree only.

The subsidy provided by the City for non-Medicare retirees is capped at an amount determined by the City each fiscal year. The monthly subsidy provided by the City in FYE19 was capped at $1,093.37, which is roughly 80% of the overall retiree premium. In the December 31, 2017 valuation, the actuary had modeled the City's maximum contribution as the entire retiree premium. This clarification in benefit terms is being treated as a plan change which is fully recognized in the OPEB expense.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or Beneficiaries Currently Receiving Benefits	45
Inactive Employees Entitled to but not Receiving Benefits	--
Active Employees	114
	159

Funding Policy

The City pays for the premiums on a pay-as-you-go basis.

Total OPEB Liability

The City's total OPEB liability of $5,580,167 was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The covered payroll (annual payroll of active employees covered by the plan) for plan year 2019 was $5,930,211, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 94.10%.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 10 – OTHER POST-EMPLOLYMENT BENEFITS – (Continuation)

For the December 31, 2019, actuarial valuation, the individual entry-age cost method was used. The actuarial assumptions use a 3.5% to 10.5%% payroll growth rate, including inflation; 2.5% inflation rate; and 7.5% initial rate, declining to an ultimate rate of 5.5% after ten years for medical trends. For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment were used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For employees who retire prior to age 65, the participation rate was assumed to equal the percentage of the premium paid for by the City. 90% of eligible employees who are at least 65 years old at retirement were assumed to participate.

Discount Rate

The plan does not have formal assets and the discount rate is equal to the tax-exempt municipal bond rate on the index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the valuation, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-year Municipal GO AA Index"). The discount rate was 3.31% as of the prior measurement date.

Changes in the Total OPEB Liability:

	MEDICAL OPEB
Balance at January 1, 2019	5,580,167
Changes for the year:	
Service Cost	357,387
Interest OPEB Liability	210,376
Changes in Benefit Terms	(700,917)
Difference Between Expected and Actual Experience of the Total OPEB Liability	--
Changes in Assumptions	203,493
Benefit Payments	(176,679)
Net Change in Total OPEB Liability	(106,340)
BALANCE AT DECEMBER 31, 2019	5,473,827

Note 10 – OTHER POST-EMPLOLYMENT BENEFITS – (Continuation)

Discount Rates Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% DECREASE 1.75%	CURRENT DISCOUNT RATE ASSUMPTION 2.75%	1% INCREASE 3.75%
Total Medical OPEB Liability	6,119,915	5,473,827	4,913,821

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the total OPEB liability of the plan using the assumed health care cost trend rate, as well as what the total OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed healthcare cost trend rate.

	1% DECREASE	CURRENT HEALTHCARE TREND RATE ASSUMPTION	1% INCREASE
Total Medical OPEB Liability	5,040,055	5,473,827	5,997,414

Note 10 – OTHER POST-EMPLOLYMENT BENEFITS – (Continuation)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of $35,666 due mainly to the change in benefit terms.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB's from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOW OF RESOURCES
OPEB Contributions after Measurement Date	127,660	--
Change in Assumptions	333,263	168,320
Difference in Projected and Actual Experience	--	627,316
TOTAL	460,923	795,636

Note 10 – OTHER POST-EMPLOLYMENT BENEFITS – (Continuation)

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of $127,660 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2019 (i.e., recognized in the city's financial statements September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to OPEB's will be recognized in OPEB expense as follows:

MEASUREMENT YEAR ENDED SEPTEMBER 30,	
2021	(86,887)
2022	(86,887)
2023	(86,887)
2024	(133,393)
2025	(68,319)
TOTAL	(462,373)

TMRS SUPPLEMENTAL DEATH BENEFIT FUND

Plan Description

In addition to the pension benefits described in Note 9, as required by state law and defined by City Policy, the City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (SDBF). SDBF provides group-term life insurance to employees who are active members in TMRS, including or not including retirees. The City Council opted into this system via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death).

Note 10 – OTHER POST-EMPLOLYMENT BENEFITS – (Continuation)

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or Beneficiaries Currently Receiving Benefits	62
Inactive Employees Entitled to but not Receiving Benefits	10
Active Employees	114
	186

Funding Policy

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.24% for 2019 and 0.24% for 2018, of which .05%, represented the retiree-only portion for each year as percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all the death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contribution to the SDBF for two years ended September 30, 2019 and 2018 were $16,761 and $16,761 respectively representing contributions for both active and retiree coverage, which equaled the required contribution each year.

Total OPEB Liability

The City's total OPEB liability of $358,579 was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The covered payroll (annual payroll of active employees covered by the plan) for plan year 2019 was $5,906,687, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6.07%.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 10 – OTHER POST-EMPLOLYMENT BENEFITS – (Continuation)

For the December 31, 2019, actuarial valuation, the individual entry-age cost method was used. The actuarial assumptions use a 3.5% to 10.5% payroll growth rate, including inflation; 2.5% inflation rate; and 7.5% initial rate, declining to an ultimate rate of 5.5% after ten years for medical trends. For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment were used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

Discount Rate

The plan does not have formal assets and the discount rate is equal to the tax-exempt municipal bond rate on the index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the valuation, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-year Municipal GO AA Index"). The discount rate was 3.31% as of the prior measurement date.

Changes in the Total OPEB Liability:

	TMRS SDBF
Balance at January 1, 2019	358,579
Changes for the year:	
Service Cost	17,160
Interest OPEB Liability	13,574
Difference Between Expected and Actual Experience of the Total OPEB Liability	(13,755)
Changes in Assumptions	63,429
Benefit Payments	(2,542)
Net Change in Total OPEB Liability	77,866
BALANCE AT DECEMBER 31, 2019	436,445

Discount Rates Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% DECREASE 1.75%	CURRENT DISCOUNT RATE ASSUMPTION 2.75%	1% INCREASE 3.75%
Total TMRS SDBF Liability	516,651	436,445	372,206

Note 10 – OTHER POST-EMPLOLYMENT BENEFITS – (Continuation)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of $35,666.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB's from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOW OF RESOURCES
OPEB Contributions after Measurement Date	12,464	--
Change in Assumptions	64,758	14,087
Difference in Projected and Actual Experience	--	30,787
TOTAL	77,222	44,874

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of $10,926 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2019 (i.e. recognized in the city's financial statements September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to OPEB's will be recognized in OPEB expense as follows:

MEASUREMENT YEAR ENDED SEPTEMBER 30,	
2021	4,932
2022	4,932
2023	811
2024	6,400
2025	2,809
TOTAL	19,884

Note 11 – FUND BALANCES

Fund Balances Consisted of the following as of September 30, 2020:

Nonspendable :	
General Fund	50,841
Restricted:	
2020 Capital Project Fund	14,720,355
Nonmajor Capital Projects	4,485,680
Nonmajor Special Revenue Funds	
Tourism	1,127,645
Public Safety	368,903
Public Access TV	249,958
Security and Technology	13,374
Specified Donors	11,384
Key Allegro Property Improvements	232
Child Safety	2,211
Total Restricted	20,979,742
Committed -	
Debt Service Fund - Debt Retirement	1,039,517
Assigned:	
Nonmajor Special Revenue Funds:	
Bay Education Center	268
City/County Dispatch Services	6,516
Nonmajor Capital Project Funds:	
General Capital Improvements	30,946
Vehicle and Equipment Replacement	697,045
Total Assigned	734,775
Unassigned	
General Fund	3,936,189
Nonmajor Special Revenue Fund Deficit	(4,561)
Nonmajor Capital Project Fund Deficit	(694,188)
	3,237,440
TOTAL FUND BALANCE	26,042,315

Note 12 – COMMITMENTS AND CONTINGENT LIABILITIES

The City is exposed to various risks of loss related to third party liability claims; theft of, damage to and destruction of assets; errors and omissions and injuries to employees. The City obtains general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

CITY of ROCKPORT, TEXAS



REQUIRED SUPPLEMENTARY INFORMATION

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	DECEMBER 31,					
	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	740,391	876,152	982,451	1,558,081	1,114,592	1,164,313
Interest	1,625,684	1,721,744	1,750,739	1,915,431	2,136,342	2,271,179
Difference Between Expected and Actual Experience	(29,335)	(291,293)	(14,404)	1,248,532	162,769	(350,839)
Change in Assumptions	--	126,355	665,897	--	--	76,395
Benefit payments, Including Refunds of Employee Contribution	(1,133,860)	(930,802)	(1,331,557)	(1,162,491)	(1,292,599)	(1,589,356)
Net Change in Total Pension Liability	1,202,880	1,502,156	2,053,126	3,559,553	2,121,104	1,571,692
Total Pension Liability - Beginning	23,420,794	24,623,674	26,125,830	28,178,956	31,738,509	33,859,613
Total Pension Liability - Ending	24,623,674	26,125,830	28,178,956	31,738,509	33,859,613	35,431,305
Plan Fiduciary Net Position						
Contributions - Employer	777,084	830,773	877,449	1,375,596	961,933	1,108,588
Contributions - Employee	339,762	365,498	398,907	608,286	413,468	444,879
Net Investment Income	1,150,850	31,339	1,453,921	3,172,753	(805,105)	4,041,271
Benefit Payments, Including Refunds of Employee Contributions	(1,133,860)	(930,802)	(1,331,557)	(1,162,491)	(1,292,599)	(1,589,356)
Administrative Expenses	(12,015)	(19,088)	(16,421)	(16,446)	(15,558)	(22,830)
Other	(988)	(943)	(885)	(833)	(812)	(685)
Net Change in Fiduciary Net Position	1,120,833	276,777	1,381,414	3,976,865	(738,673)	3,981,867
Plan Fiduciary Net Position - Beginning	20,117,511	21,238,344	21,515,121	22,896,535	26,873,400	26,134,727
PLAN FIDUCIARY NET POSITION - ENDING	21,238,344	21,515,121	22,896,535	26,873,400	26,134,727	30,116,594
NET PENSION LIABILITY	3,385,330	4,610,709	5,282,421	4,865,109	7,724,886	5,314,711
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.25%	82.35%	81.25%	84.67%	77.19%	85.00%
Covered Payroll	4,853,742	5,221,406	5,698,673	8,689,797	5,906,687	6,355,418
Net Pension Liability as a Percentage of Covered Payroll	69.75%	88.30%	92.70%	55.99%	130.78%	83.62%

Until a full 10-year end is complete, we will present information for those years for which information is available.

CITY OF ROCKPORT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CITY PENSION CONTRIBUTIONS
LAST TEN YEARS

FISCAL YEAR	(1) ACTUARIALLY DETERMINED CONTRIBUTION	(2) CONTRIBUTION IN RELATION TO THE ACTUARALLY DETERMINED CONTRIBUTION	(3) CONTRIBUTION EXCESS (DEFICIENCY) (2)-(1)	(4) COVERED EMPLOYEE PAYROLL	(5) ACTUARALLY DETERMINED CONTRIBUTIONS AS A PERVENTAGE OF COVERED EMPLOYEEE PAYROLL (1)/(4)	(6) CONTRIBUTION AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL (2)/(4)
2011	668,220	668,220	--	4,476,021	14.93%	14.93%
2012	719,061	571,988	147,073	4,654,360	15.45%	12.29%
2013	679,157	418,917	260,240	4,369,466	15.54%	9.59%
2014	758,836	758,836	--	4,853,742	15.63%	15.63%
2015	831,456	831,456	--	5,136,730	16.19%	16.19%
2016	877,449	877,449	--	5,698,673	15.40%	15.40%
2017	917,078	917,078	--	5,793,290	15.83%	15.83%
2018	1,153,763	1,153,763	--	7,163,204	16.11%	16.11%
2019	1,069,089	1,054,491	--	6,149,048	17.39%	17.15%
2020	1,069,089	1,237,615	--	6,870,088	15.56%	18.01%

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	25 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.5% to 10% including inflation
Investment Rate of Retur	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuating pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates by 109% and projected on a fully geranial basis with scale BB

CITY OF ROCKPORT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	DECEMBER 31,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	16,511	12,404	17,160
Interest on the Total OPEB Liability	12,874	13,074	13,574
Difference Between Expected and Actual Experience	--	(31,557)	(13,755)
Change in Assumptions	30,715	(22,651)	63,429
Benefit payments	(4,345)	(2,953)	(2,542)
Net Change in Total OPEB Liability	55,755	(31,683)	77,866
Total OPEB Liability - Beginning	334,507	390,262	358,579
Total OPEB Liability - Ending	390,262	358,579	436,445
Covered Employee Payroll	8,689,797	5,906,687	6,355,418
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.49%	6.07%	6.87%

Changes of assumptions reflect a change in the discount rate each period
The folllowing are the discount used each period

2019	2.75%
2018	3.71%
2017	3.31%

Until a full 10-year end is complete, we will present information for those years for which information is available.

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL OPEB
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	DECEMBER 31,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	391,117	447,574	357,387
Interest on the Total OPEB Liability	214,798	212,555	210,376
Changes of Benefit Terms	--	(868,485)	--
Difference Between Expected and Actual Experience	--	(72,989)	(700,917)
Change in Assumptions	324,340	(249,986)	203,493
Benefit payments	(176,658)	(172,628)	(176,676)
Net Change in Total OPEB Liability	753,597	(703,959)	(106,337)
Total OPEB Liability - Beginning	5,530,526	6,284,123	5,580,164
Total OPEB Liability - Ending	6,284,123	5,580,164	5,473,827
Covered Employee Payroll	7,994,196	5,930,211	6,507,443
Net OPEB Liability as a Percentage of Covered Employee Payroll	78.61%	84.10%	84.12%

FYE 2019 - A benefit clarification regarding the City's maximum subsidy for non-Medicare retirees was treated as a change in benefit terms.

Changes of assumptions reflect a change in the discount rate each period
The following are the discount used each period

2019 3.71%
2018 3.31%
2017 3.81%

Until a full 10-year end is complete, we will present information for those years for which information is available.

CITY of ROCKPORT, TEXAS



Combining and Individual Financial Statements and Schedules

CITY of ROCKPORT, TEXAS



Exhibit 9-A

CITY OF ROCKPORT, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2020

ASSETS	SPECIAL REVENUE	CAPITAL PROJECT	TOTAL NONMAJOR GOVERNMENTAL
Cash and Cash Equivalents	1,288,009	717,046	2,005,055
Receivables, Net of Allowance for Uncollectible			
Other Taxes	376,387	–	376,387
Accounts	15,203	–	15,203
Intergovernmental	179,077	–	179,077
Restricted Cash and Investments			
Cash and Cash Equivalents	–	5,077,377	5,077,377
TOTAL ASSETS	1,858,676	5,794,423	7,653,099
LIABILITIES AND FUND BALANCE			
Accounts Payable	27,168	146,940	174,108
Contractor's Retainage	–	486,059	486,059
Due to Other Funds	134,171	641,941	776,112
Unearned Revenue	15,203	–	15,203
Total Liabilities	182,746	1,274,940	1,457,686
Fund Balance			
Restricted			
Capital Projects	–	4,485,680	4,485,680
Tourism	1,027,645	–	1,027,645
Public Safety	368,903	–	368,903
Public Access TV	249,958	–	249,958
Security and Technology	13,374	–	13,374
Specified by Donors	11,384	–	11,384
Key Allegro Property Improvements	232	–	232
Child Safety	2,211	–	2,211
Assigned	6,784	727,991	734,775
Unassigned	(4,561)	(694,188)	(698,749)
Total Fund Balance	1,675,930	4,519,483	6,195,413
TOTAL LIABILITIES AND FUND BALANCE	1,858,676	5,794,423	7,653,099

CITY of ROCKPORT, TEXAS



Exhibit 9-B

CITY OF ROCKPORT, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2020

	SPECIAL REVENUE	CAPITAL PROJECT	TOTAL NONMAJOR GOVERNMENTAL
Revenues			
Taxes and Business Fees	1,113,370	--	1,113,370
Intergovernmental	1,062,602	30,946	1,093,548
Fines and Forfeitures	14,662	--	14,662
Charges for Services	--	--	--
Interest on Investments	--	32,921	32,921
Other Revenues	129,843	33	129,876
Total Revenue	2,320,477	63,900	2,384,377
Expenditures			
Current			
General Government	103,408	--	103,408
Public Safety	1,144,249	9,388	1,153,637
Culture and Recreation	54,906	--	54,906
Tourism	708,391	--	708,391
Debt Service			
Principal Retirement	--	8,949	8,949
Interest and Fiscal Charges	--	1,326	1,326
Capital Projects	278,614	1,095,989	1,374,603
Total Expenditures	2,289,568	1,115,652	3,405,220
Revenues Under Expenditures	30,909	(1,051,752)	(1,020,843)
Other Financing Sources (Uses)			
Transfers In	506,893	426,149	933,042
Transfers Out	(28,517)	(662,223)	(690,740)
Total Other Financing Sources	478,376	(236,074)	242,302
Net Change in Fund Balance	509,285	(1,287,826)	(778,541)
Fund Balance at Beginning of Year	1,166,645	5,807,309	6,973,954
Fund Balance at End of Year	1,675,930	4,519,483	6,195,413

CITY OF ROCKPORT, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2020

	UTILITY BILL SURCHARGE	STONEGARDEN GRANT	BAY EDUCATION CENTER	JUVENILE CASE MANAGER
ASSETS				
Cash and Cash Equivalents	298,778	--	268	--
Receivables, Net of Allowance for Allowance				
Other Taxes	--	--	--	--
Accounts	15,203	--	--	--
Intergovernmental	--	66,715	--	--
TOTAL ASSETS	313,981	66,715	268	--
LIABILITIES AND FUND BALANCE				
Accounts Payable	--	1,500	--	--
Accrued Expenditures	--	--	--	--
Due to Other Funds	250	17,832	--	4,561
Unearned Revenue	15,203	--	--	--
Total Liabilities	15,453	19,332	--	4,561
Fund Balance				
Restricted				
Tourism	--	--	--	--
Public Safety	298,528	47,383	--	--
Public Access TV	--	--	--	--
Security and Technology	--	--	--	--
Specified by Donors	--	--	--	--
Key Allegro Property Improvements	--	--	--	--
Child Safety	--	--	--	--
Assigned	--	--	268	--
Unassigned	--	--	--	(4,561)
Total Fund Balance	298,528	47,383	268	(4,561)
TOTAL LIABILITIES AND FUND BALANCE	313,981	66,715	268	--

Exhibit 10-A

CONTRIBUTION FUND	CITY/COUNTY DISPATCH SERVICES	PUBLIC ACCESS TV	HOTEL/ MOTEL TAX
11,384	32,907	249,958	651,926
–	–	–	376,387
–	–	–	–
–	–	–	–
11,384	32,907	249,958	1,028,313
–	20,569	–	287
–	5,822	–	382
–	–	–	–
–	–	–	–
–	26,391	–	669
–	–	–	1,027,645
–	–	–	–
–	–	249,958	–
–	–	–	–
11,384	–	–	–
–	–	–	–
–	–	–	–
–	6,516	–	–
–	–	–	–
11,384	6,516	249,958	1,027,645
11,384	32,907	249,958	1,028,314

(Continued)

CITY OF ROCKPORT, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2020

	KEY ALLEGRO PROPERTY IMPROVEMENT DISTRICT	BORDER STAR GRANT	CHILD SAFETY	FORFEITURE
ASSETS				
Cash and Cash Equivalents	232	3,979	2,211	22,992
Receivables, Net of Allowance for Allowance				
Other Taxes	–	–	–	–
Accounts	–	–	–	–
Intergovernmental	–	916	–	–
TOTAL ASSETS	232	4,895	2,211	22,992
LIABILITIES AND FUND BALANCE				
Accounts Payable	–	4,813	–	–
Accrued Expenses	–	–	–	–
Due to Other Funds	–	82	–	–
Unearned Revenue	–	–	–	–
Total Liabilities	–	4,895	–	–
Fund Balance				
Restricted				
Tourism	–	–	–	–
Public Safety	–	–	–	22,992
Public Access TV	–	–	–	–
Security and Technology	–	–	–	–
Specified by Donors	–	–	–	–
Key Allegro Property Improvements	232	–	–	–
Child Safety	–	–	2,211	–
Assigned	–	–	–	–
Unassigned	–	–	–	–
Total Fund Balance	232	–	2,211	22,992
TOTAL LIABILITIES AND FUND BALANCE	232	4,895	2,211	22,992

Exhibit 10-A
(Continuation)

COMMUNITY DEVELOPMENT BLOCK GRANT	MUNICIPAL COURT SECURITY & TECHNOLOGY	TOTAL NONMAJOR SPECIAL REVENUE
–	13,374	1,288,009
–	–	376,387
–	–	15,203
111,446	–	179,077
111,446	13,374	1,858,676
–	–	27,168
–	–	6,204
111,446	–	134,171
–	–	15,203
111,446	–	182,746
–	–	1,027,645
–	–	368,903
–	–	249,958
–	13,374	13,374
–	–	11,384
–	–	232
–	–	2,211
–	–	6,784
–	–	(4,561)
–	13,374	1,675,930
111,446	13,374	1,858,676

CITY OF ROCKPORT, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2020

	UTILITY BILL SURCHARGE	STONEGARDEN GRANT	BAY EDUCATION CENTER	JUVENILE CASE MANAGER
Revenues				
Taxes and Business Fees	183,358	--	--	--
Intergovernmental	--	200,868	--	--
Fines and Forfeitures	--	--	--	3,779
Charges for Services	--	--	--	--
Other Revenues	--	--	--	--
Total Revenue	183,358	200,868	--	3,779
Expenditures				
Current				
General Government	(620)	--	--	--
Public Safety	--	153,485	--	11,046
Public Works	--	--	--	--
Culture and Recreation	--	--	--	--
Tourism	--	--	--	--
Capital Projects	--	--	--	--
Total Expenditures	(620)	153,485	--	11,046
Revenues Over (Under) Expenditures	183,978	47,383	--	(7,267)
Other Financing Sources (Uses)				
Transfers In	--	--	--	7,267
Transfers Out	(8,375)	--	--	--
Total Other Financing Sources (Uses)	(8,375)	--	--	7,267
Net Change in Fund Balance	175,603	47,383	--	--
Fund Balance at Beginning of Year	122,925	--	268	(4,561)
Fund Balance at End of Year	298,528	47,383	268	(4,561)

Exhibit 10-B

CONTRIBUTION FUND	CITY/COUNTY DISPATCH SERVICES	PUBLIC ACCESS TV	HOTEL/ MOTEL TAX	
--	--	26,814	903,198	
--	464,098	--	--	
--	--	--	--	
--	--	--	--	
--	--	--	129,828	
--	464,098	26,814	1,033,026	
--	--	--	--	(1)
--	937,066	--	--	
--	--	--	--	
--	--	--	54,906	
--	--	--	708,391	
--	--	--	--	
--	937,066	--	763,297	
--	(472,968)	26,814	269,729	
--	499,626	--	--	
--	(20,142)	--	--	
--	479,484	--	--	
--	6,516	26,814	269,729	
11,384	--	223,144	757,916	
11,384	6,516	249,958	1,027,645	

(Continued)

CITY OF ROCKPORT, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2019

	KEY ALLEGRO PROPERTY IMPROVEMENT DISTRICT	BORDER STAR GRANT	CHILD SAFETY	FORFEITURE
Revenues				
Taxes and Business Fees	--	--	--	--
Intergovernmental	--	14,994	--	--
Fines and Forfeitures	--	--	360	5,350
Other Revenues	--	--	--	--
Total Revenue	--	14,994	360	5,350
Expenditures				
Current				
General Government	--	--	--	--
Public Safety	--	14,994	--	27,658
Culture and Recreation	--	--	--	--
Tourism	--	--	--	--
Capital Projects	--	--	--	--
Total Expenditures	--	14,994	--	27,658
Revenues Over (Under) Expenditures	--	--	360	(22,308)
Other Financing Sources (Uses)				
Transfers In	--	--	--	--
Transfers Out	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balance	--	--	360	(22,308)
Fund Balance at Beginning of Year	232	--	1,851	45,300
Fund Balance at End of Year	232	--	2,211	22,992

Exhibit 10-B
(Continuation)

COMMUNITY DEVELOPMENT BLOCK GRANT	MUNICIPAL COURT SECURITY & TECHNOLOGY	TOTAL NONMAJOR SPECIAL REVENUE
--	--	1,113,370
382,642	--	1,062,602
--	5,173	14,662
--	15	129,843
382,642	5,188	2,320,477
104,028	--	103,408
--	--	1,144,249
--	--	54,906
--	--	708,391
278,614	--	278,614
382,642	--	2,289,568
--	5,188	30,909
--	--	506,893
--	--	(28,517)
--	--	478,376
--	5,188	509,285
--	8,186	1,166,645
--	13,374	1,675,930

Exhibit 11-A

CITY OF ROCKPORT, TEXAS
UTILITY BILL SURCHARGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2020

	BUDGET			VARIANCE FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Revenues				
Taxes and Business Fees	176,500	176,500	183,358	6,858
Intergovernmental	–	–	–	–
Total Revenues	176,500	176,500	183,358	6,858
Expenditures				
Current				
Public Safety	143,908	143,908	–	143,908
Revenues Over (Under) Expenditures	32,592	32,592	183,978	151,386
Other Financing Uses				
Transfers Out	(8,375)	(8,375)	(8,375)	–
Total Other Financing Uses	(8,375)	(8,375)	(8,375)	–
Net Change in Fund Balance	24,217	24,217	175,603	151,386
Fund Balance at Beginning of Year	122,925	122,925	122,925	–
Fund Balance at End of Year	147,142	147,142	298,528	151,386

Exhibit 11-B

CITY OF ROCKPORT, TEXAS
CITY/COUNTY DISPATCH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2020

	BUDGET			VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues				
Intergovernmental	456,681	456,681	464,098	7,417
Expenditures				
Current				
Public Safety	886,175	886,175	937,066	(50,891)
Revenues Under Expenditures	(429,494)	(429,494)	(472,968)	(43,474)
Other Financing Sources (Uses)				
Transfers In	475,322	475,322	499,626	24,304
Transfers Out	(45,828)	(45,828)	(20,142)	25,686
Total Other Financing Sources	429,494	429,494	479,484	49,990
Net Change in Fund Balance	–	–	6,516	6,516
Fund Balance at End of Year	–	–	6,516	6,516

Exhibit 11-C

CITY OF ROCKPORT, TEXAS
HOTEL/MOTEL TAX
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2020

	BUDGET			VARIANCE FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Revenues				
Taxes and Business Fees	780,000	780,000	903,198	123,198
Other Revenues	156,067	156,067	129,828	(26,239)
Total Revenues	936,067	936,067	1,033,026	96,959
Expenditures				
Current				
Culture and Recreation	45,000	45,000	54,906	(9,906)
Tourism	824,066	824,066	708,391	115,675
Total Expenditures	869,066	869,066	763,297	105,769
Revenues Over Expenditures	67,001	67,001	269,729	202,728
Transfers Out	(67,001)	(67,001)	--	67,001
Total Other Financing Uses	(67,001)	(67,001)	--	67,001
Net Change in Fund Balance	--	--	269,729	269,729
Fund Balance at Beginning of Year	757,916	757,916	757,916	--
Fund Balance at End of Year	757,916	757,916	1,027,645	269,729

Exhibit 11-D

CITY OF ROCKPORT, TEXAS
MUNICIPAL COURT SECURITY & TECHNOLOGY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2020

	BUDGET			VARIANCE FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Revenues				
Fines and Forfeitures	12,000	12,000	5,173	(6,827)
Other Revenues	–	–	15	15
Total Revenues	12,000	12,000	5,188	(6,812)
Expenditures				
Current				
Public Safety	8,941	8,941	–	8,941
Total Expenditures	8,941	8,941	–	8,941
Revenues Over (Under) Expenditures	3,059	3,059	5,188	2,129
Net Change in Fund Balance	3,059	3,059	5,188	2,129
Fund Balance at Beginning of Year	8,186	8,186	8,186	–
Fund Balance at End of Year	11,245	11,245	13,374	2,129

CITY of ROCKPORT, TEXAS



Exhibit 11-E

CITY OF ROCKPORT, TEXAS
DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2020

	BUDGET			VARIANCE FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Revenues				
Taxes and Business Fees	2,297,754	2,297,754	2,686,715	388,961
Interest on Investments	175	175	5	(170)
Total Revenues	2,297,929	2,297,929	2,686,720	388,791
Expenditures				
Debt Service				
Principal Retirement	1,682,075	1,682,075	1,627,693	54,382
Interest and Fiscal Charges	598,930	598,930	544,269	54,661
Total Expenditures	2,281,005	2,281,005	2,171,962	109,043
Revenues Over Expenditures	16,924	16,924	514,758	497,834
Other Financing Uses				
Transfers Out	–	–	(110,933)	(110,933)
Total Other Financing Sources (Uses)	–	–	(110,933)	(110,933)
Net Change in Fund Balance	16,924	16,924	403,825	386,901
Fund Balance at Beginning of Year	635,692	635,692	635,692	–
Fund Balance at End of Year	652,616	652,616	1,039,517	386,901

CITY OF ROCKPORT, TEXAS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2020

	GENERAL CAPITAL IMPROVEMENTS	VEHICLE AND EQUIPMENT REPLACEMENT	2005 CAPITAL PROJECT	2007 CAPITAL PROJECT
ASSETS				
Cash and Cash Equivalents	--	717,046	--	--
Receivables, Net of Allowance for Uncollectable				
Intergovernmental	--	--	--	--
Restricted Cash and Investments				
Cash and Cash Equivalents	--	--	2,500,919	1,685,337
TOTAL ASSETS	--	717,046	2,500,919	1,685,337
LIABILITIES AND FUND BALANCE				
Accounts Payable	42,016	20,001	--	84,923
Contractor's Retainage	--	--	--	21,117
Due to Other Funds	529,034	--	--	--
Total Liabilities	571,050	20,001	--	106,040
Fund Balance				
Restricted				
Capital Projects	--	--	2,500,919	1,579,297
Assigned	30,946	697,045	--	--
Unassigned	(601,996)	--	--	--
Total Fund Balance	(571,050)	697,045	2,500,919	1,579,297
TOTAL LIABILITIES AND FUND BALANCE	--	717,046	2,500,919	1,685,337

Exhibit 12-A

2015 CAPITAL PROJECTS	2016 CAPITAL PROJECTS	2017 CAPITAL PROJECT	TOAL NONMAJOR CAPITAL PROJECTS
–	–	–	717,046
–	–	–	–
228,489	176,975	485,657	5,077,377
228,489	176,975	485,657	5,794,423
–	–	–	146,940
–	–	464,942	486,059
–	–	112,907	641,941
–	–	577,849	1,274,940
228,489	176,975	–	4,485,680
–	–	–	727,991
–	–	(92,192)	(694,188)
228,489	176,975	(92,192)	4,519,483
228,489	176,975	485,657	5,794,423

CITY OF ROCKPORT, TEXAS
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2020

	GENERAL CAPITAL IMPROVEMENTS	VEHICLE AND EQUIPMENT REPLACEMENT	2005 CAPITAL PROJECT	2007 CAPITAL PROJECT
Revenues				
Intergovernmental	30,946	–	–	–
Interest on Investments	–	5,824	26	27,071
Other Revenues	–	33	–	–
Total Revenue	30,946	5,857	26	27,071
Expenditures				
Current				
Public Safety	–	9,388	–	–
Debt Service				
Principal Retirement	–	8,949	–	–
Interest and Fiscal Charges	–	1,326	–	–
Capital Projects	705,268	390,721	–	–
Total Expenditures	705,268	410,384	–	–
Revenues Over (Under) Expenditures	(674,322)	(404,527)	26	27,071
Other Financing Sources (Uses)				
Transfers In	–	426,149	–	–
Transfers Out	–	(13,375)	–	(648,848)
Total Other Financing Sources (Uses)	–	412,774	–	(648,848)
Net Change in Fund Balance	(674,322)	8,247	26	(621,777)
Fund Balance at Beginning of Year	103,272	688,798	2,500,893	2,201,074
Fund Balance at End of Year	(571,050)	697,045	2,500,919	1,579,297

Exhibit 12-B

2015 CAPITAL PROJECTS	2016 CAPITAL PROJECTS	2017 CAPITAL PROJECT	TOAL NONMAJOR CAPITAL PROJECTS
--	--	--	30,946
--	--	--	32,921
--	--	--	33
--	--	--	63,900
--	--	--	9,388
--	--	--	8,949
--	--	--	1,326
--	--	--	1,095,989
--	--	--	1,115,652
--	--	--	(1,051,752)
--	--	--	426,149
--	--	--	(662,223)
--	--	--	(236,074)
--	--	--	(1,287,826)
228,489	176,975	(92,192)	5,807,309
228,489	176,975	(92,192)	4,519,483

CITY of ROCKPORT, TEXAS



STATISTICAL SECTION

This part of the City of Rockport, Texas's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

	Page
Financial Trends	98-107
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	109-116
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	117-123
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	124-127
These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparison over time with other governments.	
Operating Information	128-133
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs	

CITY OF ROCKPORT, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2011	2012	2013	2014	2015	2016
Governmental Activities						
Net Invested in Capital Assets	7,539,674	9,313,304	12,137,914	13,719,863	15,375,317	16,359,297
Restricted	407,389	408,684	451,153	591,401	523,884	1,192,945
Unrestricted	3,373,599	2,444,508	1,154,271	1,363,328	(88,350)	(37,337)
Total Governmental Activities Net Position	11,320,662	12,166,496	13,743,338	15,674,592	15,810,851	17,514,905
Business-type Activities						
Invested in Capital Assets,	17,287,725	17,967,353	16,147,439	22,172,890	19,971,005	16,988,421
Restricted	184,655	183,991	183,366	182,073	180,935	--
Unrestricted	5,245,674	4,377,731	6,761,292	1,816,298	4,156,370	8,319,376
Total Business-type Activities Net Position	22,718,054	22,529,075	23,092,097	24,171,261	24,308,310	25,307,797
Primary Government						
Net Invested in Capital Assets	24,827,399	27,280,657	28,285,353	35,892,753	35,346,322	33,347,718
Restricted	592,044	592,675	634,519	773,474	704,819	1,192,945
Unrestricted	8,619,273	6,822,239	7,915,563	3,179,626	4,068,020	8,282,039
Total Primary Government Net Position	34,038,716	34,695,571	36,835,435	39,845,853	40,119,161	42,822,702

TABLE 1

September 30,			
2017	2018	2019	2020
17,313,597	12,705,425	18,740,986	19,840,363
1,479,596	1,231,127	1,270,937	1,773,707
(2,054,477)	3,334,747	(3,373,632)	(3,618,911)
16,738,716	17,271,299	16,638,291	17,995,159
20,420,255	21,588,198	22,071,001	23,269,406
--	--	--	--
6,179,215	1,894,758	2,590,468	4,119,375
26,599,470	23,482,956	24,661,469	27,388,781
37,733,852	34,293,623	40,811,987	43,109,769
1,479,596	1,231,127	1,270,937	1,773,707
4,124,738	5,229,505	(783,164)	500,464
43,338,186	40,754,255	41,299,760	45,383,940

CITY OF ROCKPORT, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2011	2012	2013	2014	2015	2016
Expenses						
Governmental Activities:						
General Government	1,646,376	1,615,599	1,534,488	1,464,770	1,744,282	2,619,202
Public Safety	3,439,538	3,531,426	3,390,096	4,035,843	4,210,447	4,245,536
Public Works	1,528,189	1,563,014	1,563,687	1,576,188	1,765,828	1,468,510
Culture and Recreation	734,248	788,105	914,460	961,048	1,110,379	1,228,172
Tourism	476,810	464,438	536,505	640,589	569,140	897,016
Interest and Fiscal Charges	999,535	996,263	908,935	769,851	526,297	754,966
Total Governmental:						
Activities Expenses	8,824,696	9,013,974	8,848,171	9,448,289	9,926,373	11,213,402
Business-type Activities:						
Water & Sewer	7,636,247	7,589,175	7,840,317	7,699,148	7,904,121	8,330,913
Natural Gas System*	1,415,532	1,163,782	1,256,075	1,844,475	1,644,781	1,525,253
Sanitation	–	–	–	–	–	294
Community Aquatic Center	306,478	314,698	333,267	397,675	399,748	501,870
Beach Park	662,288	315,789	–	–	–	–
Total Business-type Activities Expenses	10,020,545	9,383,444	9,429,659	9,941,298	9,948,650	10,358,330
Total Primary Government Expenses	18,845,241	18,397,418	18,277,830	19,389,587	19,875,023	21,571,732
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	17,953	18,267	13,289	16,624	34,169	186,238
Public Safety	507,255	494,629	393,762	727,069	760,746	246,250
Public Works	177,694	182,984	215,265	242,798	216,173	–
Culture and Recreation	948	19,687	–	–	–	15,402
Operating Grants and Contributions	575,942	455,997	366,214	234,191	180,099	726,849
Capital Grants and Contributions	79,300	634,417	739,309	699,802	205,900	645,940
Total Governmental Activities:						
Activities Program Revenues	1,359,092	1,805,981	1,727,839	1,920,484	1,397,087	1,820,679
Business-type Activities:						
Charges for Services						
Water & Sewer	8,377,063	8,455,811	8,907,527	9,219,874	9,480,727	10,443,336
Natural Gas System*	1,725,602	1,449,133	1,740,465	2,389,044	2,143,239	1,780,909
Sanitation	17,039	14,873	16,686	16,994	19,260	17,867
Community Aquatic Center	114,642	138,830	133,706	165,231	180,357	216,314
Beach Park	425,924	128,376	–	–	–	–
Operating Grants and Contributions	183,750	62,000	42,000	51,250	51,417	37,000
Capital Grants and Contributions	267,941	3,500	256,450	–	210,577	78,615
Total Business-type Activities						
Activities Program Revenues	11,111,961	10,252,523	11,096,834	11,842,393	12,085,577	12,574,041
Total Primary Government:						
Program Revenues	12,471,053	12,058,504	12,824,673	13,762,877	13,482,664	14,394,720
Net (Expense)/Revenue						
Governmental Activities	(7,465,604)	(7,207,993)	(7,120,332)	(7,527,805)	(8,529,286)	(9,392,723)
Business-type Activities	1,091,416	869,079	1,667,175	1,901,095	2,136,927	2,215,711
Total Primary Government Net Expense	(6,374,188)	(6,338,914)	(5,453,157)	(5,626,710)	(6,392,359)	(7,177,012)

* The City acquired a natural gas system in 2009. For 2009, operations were accounted for in the Water and Sewer Utility Fund. After 2009, the Natural Gas system was accounted for in a separate fund

TABLE 2

September 30,			
2017	**2018**	**2019**	**2020**
5,600,349	5,619,934	4,366,689	3,977,380
4,312,116	4,921,884	5,292,979	5,276,575
1,609,854	1,520,833	1,939,714	1,505,912
1,102,163	1,571,346	1,465,212	1,457,207
623,225	620,016	721,784	708,391
733,939	781,227	639,927	833,318
13,981,646	15,035,240	14,426,305	13,758,783
8,186,640	8,975,471	8,887,596	8,922,626
1,617,518	1,795,239	1,988,347	1,985,018
1,951,334	2,054,464	2,136,230	2,152,087
428,671	451,815	449,565	432,301
–	–	–	–
12,184,163	13,276,989	13,461,738	13,492,032
26,165,809	28,312,229	27,888,043	27,250,815
345,555	840,612	664,275	551,897
391,656	187,553	185,943	168,843
–	–	–	–
4,639	3,848	4,107	39
1,325,411	1,903,417	1,483,220	1,316,744
50,432	5,062	536,424	606,653
2,117,693	2,940,492	2,873,969	2,644,176
10,338,747	8,974,043	10,509,995	12,137,157
1,826,135	1,662,341	2,061,303	2,099,457
2,048,327	2,061,393	2,256,801	2,463,510
209,227	165,574	175,940	47,449
–	–	–	–
37,667	38,833	43,333	48,083
2,218	1,650	–	–
14,462,321	12,903,834	15,047,372	16,795,656
16,580,014	15,844,326	17,921,341	19,439,832
(11,863,953)	(12,094,748)	(11,552,336)	(11,114,607)
2,278,158	(373,155)	1,585,634	3,303,624
(9,585,795)	(12,467,903)	(9,966,702)	(7,810,983)

CITY OF ROCKPORT, TEXAS
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue						
Governmental Activities	(7,465,604)	(7,207,993)	(7,120,332)	(7,527,805)	(8,529,286)	(9,392,723)
Business-type Activities	1,091,416	869,079	1,667,175	1,901,095	2,136,927	2,215,711
Total Primary Government Net Expense	(6,374,188)	(6,338,914)	(5,453,157)	(5,626,710)	(6,392,359)	(7,177,012)
General Revenues and Other Changes in Net Position						
Governmental Activities:						
Taxes:						
Property Taxes	4,024,879	4,159,989	4,379,318	4,534,427	4,685,492	5,228,422
Sales Taxes	1,799,286	1,929,948	2,051,342	2,231,798	2,390,992	2,481,777
Franchise Taxes and other taxes	807,931	795,072	860,734	803,439	867,893	1,045,731
Hotel Occupancy Taxes	647,278	662,330	698,934	839,931	876,738	860,124
Investment Earnings	50,110	31,763	48,287	42,240	31,568	43,635
Other Revenue	59,003	78,699	54,618	173,247	93,484	79,695
Transfers	26,410	616,350	849,138	833,977	949,371	898,181
Total Governmental Activities	7,414,897	8,274,151	8,942,371	9,459,059	9,895,538	10,637,565
Business-type Activities:						
Investment Earnings	46,943	21,108	16,076	11,848	9,242	4,285
Other Revenue	--	--	--	--	--	--
Gain(Loss) on asset disposition	--	(462,816)	--	--	--	--
Transfers	(26,410)	(616,350)	(849,138)	(833,977)	(949,371)	(898,181)
Total Business-type Activities	20,533	(1,058,058)	(833,062)	(822,129)	(940,129)	(893,896)
Total Primary Government	7,435,430	7,216,093	8,109,309	8,636,930	8,955,409	9,743,669
Change in Net Position						
Governmental Activities	(50,707)	1,066,158	1,822,039	1,931,254	1,366,252	1,244,842
Business-type Activities	1,111,949	(188,979)	834,113	1,078,966	1,196,798	1,321,815
Total Primary Government	1,061,242	877,179	2,656,152	3,010,220	2,563,050	2,566,657

TABLE 3

September 30,			
2017	2018	2019	2020
(11,863,953)	(12,094,748)	(11,552,336)	(11,114,607)
2,278,158	(373,155)	1,585,634	3,393,624
(9,585,795)	(12,467,903)	(9,966,702)	(7,720,983)
5,541,427	5,915,568	6,082,642	6,563,714
2,459,617	3,019,444	2,780,574	2,857,039
1,064,310	976,197	1,068,650	1,096,677
866,970	479,754	713,075	914,803
52,998	84,505	123,840	49,313
93,630	2,418,135	15,178	281,319
1,008,809	1,467,804	428,258	703,911
11,087,761	14,361,407	11,212,217	12,466,776
9,706	35,368	51,550	30,785
12,618	–	33,103	6,810
–	–	–	–
(1,008,809)	(1,467,804)	(428,258)	(703,911)
(986,485)	(1,432,436)	(343,605)	(666,316)
10,101,276	12,928,971	10,868,612	11,800,460
(776,192)	2,266,659	(340,119)	1,352,169
1,291,673	(1,805,591)	1,242,029	2,727,308
515,481	461,068	901,910	4,079,477

CITY OF ROCKPORT, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2011	2012	2013	2014	2015	2016
General Fund						
Nonspendable	56,427	31,221	27,250	58,047	29,078	56,290
Restricted	--	--	--	--	--	--
Unassigned	3,534,604	3,099,834	2,821,064	3,011,065	3,191,300	3,414,549
Total General Fund	3,591,031	3,131,055	2,848,314	3,069,112	3,220,378	3,470,839
All Other Governmental Funds						
Restricted	9,523,625	9,234,662	9,429,485	8,495,513	8,772,017	8,414,801
Committed	(134,170)	(253,917)	(28,713)	12,140	36,015	320,049
Assigned	333,670	217,194	372,949	428,654	520,002	81,823
Unassigned	--	--	--	(76,051)	(110,482)	(96,151)
Total All Other Governmental Funds	9,723,125	9,197,939	9,773,721	8,860,256	9,217,552	8,720,522

TABLE 4

September 30,			
2017	2018	2019	2020
–	63,038	46,151	50,841
–	75,000	100,000	100,000
1,677,334	4,144,587	3,355,647	3,936,189
1,677,334	4,282,625	3,501,798	4,087,030
8,044,416	7,387,657	6,278,378	20,879,742
299,247	240,015	635,692	1,039,517
277,061	344,067	792,337	734,775
–	(171,997)	(96,754)	(698,749)
8,620,724	7,799,742	7,609,653	21,955,285

CITY OF ROCKPORT, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	September 30,					
	2011	2012	2013	2014	2015	2016
Revenues						
Taxes	7,440,695	7,718,487	8,174,665	8,602,188	9,001,518	9,642,954
Licenses, Fees and Permits	177,694	182,984	201,950	218,504	216,173	227,790
Intergovernmental	655,242	1,090,414	1,113,479	1,312,278	700,062	1,372,789
Fines and Forfeitures	329,567	333,335	215,253	254,785	212,983	237,659
Charges for Services	948	19,687	13,315	24,294	78,261	57,440
Investment Earnings	42,175	31,763	35,878	35,291	31,568	43,635
Other Revenues	59,003	78,699	54,618	99,294	95,614	79,695
Total Revenues	8,705,324	9,455,369	9,809,158	10,546,634	10,336,179	11,661,962
Expenditures						
General Government	1,274,439	1,345,717	1,289,805	1,345,263	1,463,333	2,375,604
Public Safety	3,234,665	3,287,236	3,144,331	3,724,061	3,980,680	3,857,783
Public Works	1,321,318	1,257,527	1,196,966	1,176,409	1,319,048	939,095
Culture and Recreation	631,897	659,021	763,424	814,379	939,194	1,020,219
Tourism	476,810	464,438	536,505	640,589	569,140	897,016
Capital Outlay	1,019,504	1,905,975	1,406,620	2,342,359	2,507,809	4,896,242
Debt Service						
Interest and Fiscal Charges	1,018,895	1,095,667	829,748	668,705	534,458	622,956
Bond Issuance Cost	--	--	87,178	106,527	108,599	103,362
Principal	1,007,674	987,971	1,212,065	1,334,871	1,464,919	1,691,815
Total Expenditures	9,985,202	11,058,681	10,466,642	12,153,163	12,887,180	16,404,092
Excess of Revenues Under Expenditures	(1,279,878)	(1,603,312)	(657,484)	(1,606,529)	(2,551,001)	(4,742,130)
Other Financing Sources (Uses)						
Bonds Issued	1,524,701	--	4,295,369	5,074,269	8,133,932	3,504,112
Capital Leases	--	--	--	--	--	--
Payments to Escrow Agent	(1,475,220)	--	(4,195,782)	(4,962,452)	(6,023,410)	--
Transfers In	1,566,570	1,596,511	1,687,402	1,596,487	1,701,867	1,788,699
Transfers Out	(1,533,335)	(978,361)	(836,464)	(794,442)	(752,826)	(798,551)
Total Other Financing Sources (Uses)	82,716	618,150	950,525	913,862	3,059,563	4,494,260
Net Change in Fund Balances	(1,197,162)	(985,162)	293,041	(692,667)	508,562	(247,870)
Debt Service as a Percentage of Non-Capital Expenditures	22.6%	22.8%	22.8%	20.6%	19.5%	20.3%

TABLE 5

September 30,			
2017	2018	2019	2020
9,930,322	10,386,841	10,644,722	11,387,205
301,191	793,143	616,333	502,005
1,375,842	1,908,480	2,019,643	1,923,396
56,854	184,718	183,517	166,770
383,806	54,152	54,476	54,540
52,998	84,505	123,841	49,313
93,630	2,418,133	180,524	463,351
12,194,643	15,829,972	13,823,056	14,546,580
5,355,244	5,103,678	4,276,405	3,622,353
3,863,413	4,576,201	4,632,229	4,714,526
997,156	1,011,631	1,253,555	964,965
978,227	1,314,065	1,123,671	1,134,880
623,225	620,016	721,784	708,391
959,462	1,742,669	905,960	1,641,182
1,730,748	689,314	658,660	602,999
--	18,254	--	219,543
738,774	1,684,409	1,706,669	1,691,024
15,246,249	16,760,237	15,278,933	15,299,863
(3,051,606)	(930,265)	(1,455,877)	(753,283)
--	1,410,978	--	14,939,543
78,035	--	--	--
--	--	--	--
2,196,206	2,884,923	2,616,340	2,637,079
(1,115,941)	(1,581,328)	(2,131,325)	(1,897,163)
1,158,300	2,714,573	485,015	15,679,459
(1,893,306)	1,784,308	(970,862)	14,926,176
17.3%	15.8%	16.5%	17.1%

CITY of ROCKPORT, TEXAS



TABLE 6

CITY OF ROCKPORT, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

Fiscal Year	Property Tax	Sales & Use Tax	Franchise Tax	Occupancy Tax	Other Taxes	Total
2011	4,011,625	1,799,286	801,629	647,278	180,877	7,440,695
2012	4,152,465	1,929,948	795,072	662,330	178,672	7,718,487
2013	4,380,000	2,051,342	844,466	698,934	199,923	8,174,665
2014	4,453,504	2,231,798	803,439	839,931	183,580	8,512,252
2015	4,685,492	2,390,992	836,325	876,738	188,945	8,978,492
2016	5,542,453	2,459,617	900,233	853,420	175,624	9,931,347
2017	5,542,453	2,459,617	832,855	866,970	230,428	9,932,323
2018	5,918,368	3,019,444	748,682	479,754	224,698	10,390,946
2019	6,082,642	2,780,574	873,214	713,075	195,217	10,644,722
2020	6,563,714	2,857,039	841,477	914,803	210,172	11,387,205
Percent Change 2011-2020	0.388817825	0.37022701	0.04735483	0.29244001	0.13938584	0.346574072

CITY OF ROCKPORT, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

		Real Property			Personal Property		
Fiscal Year	Roll Year	Residential Property	Commercial and Industrial Property	Rural-Underdev. Property	Business	Other	Less: Tax Exempt Real Property
2011	2010	1,397,619,312	163,711,921	12,819,730	43,894,297	5,006,615	(35,648,632)
2012	2011	1,207,519,961	176,446,050	13,221,090	38,887,032	7,882,595	(35,090,371)
2013	2012	1,209,214,142	175,017,442	13,164,960	40,033,361	8,259,105	(34,395,054)
2014	2013	1,227,156,427	177,726,064	13,413,250	44,619,583	8,310,645	(36,338,354)
2015	2014	1,257,623,793	192,355,262	14,740,765	32,195,433	8,325,446	(36,705,716)
2016	2015	1,274,430,459	196,346,050	14,354,575	36,597,876	7,998,336	(36,705,060)
2017	2016	1,300,510,034	198,029,000	9,253,699	35,716,818	7,539,100	(37,403,970)
2018	2017	1,395,094,830	218,405,130	12,434,181	38,641,660	8,019,340	(47,215,527)
2019	2018	1,237,522,906	181,808,906	11,924,880	37,729,489	6,269,410	(14,502,937)
2020	2019	1,410,352,150	229,408,346	11,580,930	41,552,380	6,558,520	(33,510,048)

Source: Aransas County Appraisal District
* Information is not available

TABLE 7

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1,587,403,243	0.298700	1,587,403,243	100.00%
1,408,866,357	0.310000	1,408,866,357	100.00%
1,411,293,956	0.308900	1,411,293,956	100.00%
1,434,887,615	0.325800	1,434,887,615	100.00%
1,468,534,983	0.327700	1,468,534,983	100.00%
1,493,022,236	0.364858	1,493,022,236	100.00%
1,513,644,681	0.389283	1,513,644,681	100.00%
1,625,379,614	0.385640	1,625,379,614	100.00%
1,460,752,654	0.451963	1,460,752,654	100.00%
1,665,942,278	0.420082	1,665,942,278	100.00%

CITY OF ROCKPORT, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

	City Direct Rates			Overlapping Rates		
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	Aransas County	Aransas County Navigation District	Aransas County Road/ Flood
2011	0.157300	0.152700	0.310000	0.359800	0.054700	--
2012	0.158300	0.150600	0.308900	0.370300	0.055800	--
2013	0.172500	0.153300	0.325800	0.381100	0.055800	--
2014	0.185100	0.142600	0.327700	0.375300	0.055100	--
2015	0.219047	0.145811	0.364858	0.385462	0.052511	--
2016	0.233912	0.155371	0.389283	0.404946	0.052622	0.690000
2017	0.239805	0.145835	0.385640	0.403315	0.050768	0.664853
2018	0.248198	0.203765	0.451963	0.403315	0.059822	0.640000
2019	0.248154	0.171928	0.420082	0.451453	0.052008	0.673607
2020	0.241668	0.179643	0.421311	0.433543	0.049776	0.673060

Source: Aransas County Tax Assessor

TABLE 8

Aransas County ISD
1.091700
1.132400
1.159400
1.160500
1.156100
1.169518
1.163930
1.163930
1.030000
0.980300

CITY of ROCKPORT, TEXAS



TABLE 9

CITY OF ROCKPORT, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2020			2011		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Cove Harbor Marina and Drystacks LP	9,990,780	1	0.68%	--	--	--
AEP Texas Central Comp	8,361,390	2	0.57%	7,177,280	3	0.44%
Oaks at Bentwater, LP	8,130,000	3	0.56%	7,663,730	1	0.56%
Wal-Mart Real Estate Bus Tr	7,368,790	4	0.50%	7,132,010	4	0.52%
Rockport Harborfront, LP	7,216,860	5	0.49%	7,471,194	2	0.55%
H E Butt Grocery	7,096,920	6	0.49%	6,236,902	5	0.53%
J & S Lagoons RV LLC	5,545,420	7	0.38%	--	--	--
Heritage Hotels Rockport LP	4,853,000	8	0.33%	4,642,460	8	0.34%
TFP Properties	4,800,000	9	0.33%			
Wal-Mart Stores East #440	4,671,830	10	0.32%	5,480,927	6	0.40%
EOG Resources, Inc.	--	--	--	4,849,260	7	0.35%
Royal Marina Holdings, LLC	--	--	--	3,962,646	9	0.29%
Christopher Crowley	--	--	--	3,660,790	10	0.27%
Total	68,034,990		4.66%	58,277,199		4.25%

Source: Aransas County Appraisal District

TABLE 10

CITY OF ROCKPORT, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	3,999,750	3,928,989	98.23%	64,003	3,992,992	99.83%
2012	4,113,275	4,047,717	98.41%	57,313	4,105,030	99.80%
2013	4,334,917	4,274,298	98.60%	51,673	4,325,971	99.79%
2014	4,446,634	4,385,623	98.63%	49,009	4,434,632	99.73%
2015	4,652,135	4,591,402	98.69%	49,062	4,640,464	99.75%
2016	5,109,529	5,049,937	98.83%	47,181	5,097,118	99.76%
2017	5,510,593	5,449,280	98.89%	46,415	5,495,695	99.73%
2018	5,885,041	5,820,159	98.90%	39,266	5,859,425	99.56%
2019	6,034,776	5,979,307	99.08%	24,844	6,004,151	99.49%
2020	6,559,985	6,458,383	98.45%	--	6,458,383	98.45%

Sources: Aransas County Appraisal District and Aransas County Tax Collector

TABLE 11

CITY OF ROCKPORT, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

	Governmental Activities		Business-type Activities					
Fiscal Year	General Bonded Debt	Capital Leases & Energy Bond	Revenue Bonds	General Bonded Debt	Capital Leases & Energy Bond	Total Primary Government	Percent of Personal Income	Per Capita
2011	21,311,775	1,180,000	--	18,853,275	--	41,345,050	12.54%	4,419
2012	20,286,108	1,110,000	--	17,893,954	--	39,290,062	11.92%	4,199
2013	19,297,219	1,037,000	--	17,893,954	--	38,228,173	11.00%	3,876
2014	18,166,302	962,000	--	19,532,935	--	38,661,237	11.73%	4,132
2015	18,938,444	884,000	--	18,321,556	--	38,144,000	11.57%	4,077
2016	20,627,508	778,123	--	25,716,709	--	47,122,340	17.69%	5,036
2017	20,052,940	737,180	--	16,648,392	--	37,438,512	11.74%	3,517
2018	18,306,444	2,028,160	--	15,517,160	7,908,560	43,760,324	13.50%	4,146
2019	16,594,891	1,875,666	--	14,042,565	7,619,599	40,132,721	12.33%	3,920
2020	29,854,021	1,718,570	--	13,274,660	7,314,789	52,162,040	15.76%	4,755

TABLE 12

CITY OF ROCKPORT, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Bonded Debt	Debt Service Funds	Net Bonded Debt		
2011	40,165,050	--	40,165,050	3.05%	4,455
2012	38,180,062	--	38,180,062	2.91%	4,255
2013	37,191,173	--	37,191,173	2.68%	3,924
2014	37,699,237	--	37,699,237	2.66%	4,075
2015	37,260,000	--	37,260,000	2.54%	4,026
2016	46,344,217	--	46,344,217	3.10%	4,953
2017	36,701,332	--	36,701,332	2.42%	3,448
2018	33,823,604	--	33,823,604	2.08%	3,205
2019	30,637,456	--	30,637,456	2.10%	2,993
2020	43,128,681	--	43,128,681	2.59%	3,932

(1) See the Schedule of Assessed and Estimated Actual Value
(2) Population data can be found in the Schedule of Demographic and Economic Statistics

TABLE 13

CITY OF ROCKPORT, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid With Property Taxes			
Aransas County Independent School District	25,297,000	65.03%	16,450,639
Aransas County	35,650,003	49.99%	17,821,436
Aransas County Navigation District	2,885,000	49.99%	1,442,212
Subtotal, Overlapping Debt			35,714,287
City Direct Debt			43,128,681
Total Direct and Overlapping Debt			78,842,968

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by the percent of area of each government that is within the boundaries of the City.

Information obtained from entities audited financial statements and Aransas County Appraisal District.

CITY OF ROCKPORT, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	September 30,					
	2011	2012	2013	2014	2015	2016
Maximum available tax revenues for all purposes including debt service	34,193,454	32,699,909	35,273,627	37,699,237	35,872,190	37,325,556
Actual amount expended for general obligation debt	1,949,434	2,083,638	2,040,581	2,061,064	2,107,976	2,314,771
Excess	32,244,020	30,616,271	33,233,046	35,638,173	33,764,214	35,010,785

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	1,665,942,278
Maximum tax rate per $100 assessed valuation	2.50
Maximum available tax revenues for all purposes including debt service	41,648,557
Actual amount expended for general obligation debt service	2,294,023

As a Home Rule Charter City, the amount of debt which can be issued by the City of Rockport, Texas is not limited by law.

Under Article XI, Section 5 of the State of Texas Constitution applicable to cities of 5,000 population, the maximum tax rate for all purposes is $2.50 per $100 assessed valuation.

TABLE 14

September 30,			
2017	2018	2019	2020
37,841,117	40,634,490	36,518,816	41,648,557
2,720,000	2,391,977	2,365,329	2,294,023
35,121,117	38,242,513	34,153,487	39,354,534

CITY of ROCKPORT, TEXAS



TABLE 15

CITY OF ROCKPORT, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
UNAUDITED

	Water and Sewer Revenue Bonds				
Fiscal Year	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Service Requirements (2)	Coverage
2011	10,102,665	7,421,348	2,681,317	--	N/A
2012	9,904,944	7,094,829	2,810,115	--	N/A
2013	8,907,527	6,210,472	2,697,055	--	N/A
2014	9,219,874	6,112,976	3,106,898	--	N/A
2015	11,618,026	6,336,116	5,281,910	--	N/A
2016	12,224,245	8,029,724	4,194,521	--	N/A
2017	12,164,882	8,079,576	4,085,306	--	N/A
2018	10,636,384	8,792,183	1,844,201	--	N/A
2019	12,571,298	10,071,703	2,499,595	--	N/A
2020	12,137,157	8,338,265	3,798,892	--	N/A

(1) Exclusive of depreciation and interest
(2) Includes principal and interest of revenue bonds only

CITY OF ROCKPORT, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
UNAUDITED

	September 30,					
	2011	2012	2013	2014	2015	2016
Population (1)	9,357	9,357	9,357	9,357	9,357	9,357
Personal Income (3)	24,950	24,950	24,950	24,950	24,950	28,472
Per Capita Personal Income (in thousands)	233,457	233,457	233,457	233,457	233,457	266,413
Median Age (3)	46.0	49.0	49.0	49.0	49.0	49.0
Education Level in Years of Schooling	--	--	--	--	--	--
School Enrollment (4)	2,848	3,331	3,331	3,331	3,331	3,405
Unemployment (2)	7.4%	7.4%	7.4%	6.2%	5.1%	5.1%

Data Sources
(1) City of Rockport
(2) Texas Workforce Commission
(3) Rockport-Fulton Chamber of Commerce
(4) Texas Education Agency

Omitted information is not available

TABLE 16

September 30,			
2017	**2018**	**2019**	**2020**
10,645	10,555	10,238	10,969
29,952	30,706	31,788	30,172
318,839	324,102	325,343	330,957
49.5	49.3	49.1	51.4
–	–	–	–
2,547	3,316	2,635	2,965
6.9%	6.8%	4.2%	9.0%

CITY of ROCKPORT, TEXAS



TABLE 17

CITY OF ROCKPORT, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2020			2011		
Employer	Employees	Rank	Percentage of Total City Employment*	Employees	Rank	Percentage of Total City Employment*
Aransas County ISD	466	1	--	521	1	--
Aransas County	220	2	--	175	6	--
Wal-Mart	209	3	--	250	2	--
H.E.B.	203	4	--	185	4	--
City of Rockport	124	5	--	130	7	--
State of Texas	100	6	--	107	8	--
Gulf Point Plaza	80	7	--	93	9	--
Paradise Keys	76	8	--	--	--	--
Rockport Nursing & Rehabilitation Center	72	9	--	--	--	--
Builders Sources	60	10	--	--	--	--
Wood Group Production Ser	--	--	--	181	5	--
Care Regional Medical Center	--	--	--	210	3	--
Rockport Coastal Care Center	--	--	--	75	10	--
Total	1,610		--	1,927		--

Source: Rockport Fulton Chamber of Commerce
* Total City employees is not readily available

CITY OF ROCKPORT, TEXAS
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

	September 30,						
Function/Program	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
General Government							
Municipal Court	5	5	3	3	3	3	3
City Secretary	3	3	3	3	3	3	3
City Manager	1	1	1	1	1	1	1
Information/Technology	1	1	1	1	2	2	2
Finance	2	2	2	2	2	2	2
Police							
Officers	25	27	27	27	28	26	26
Civilians	14	13	13	12	15	15	15
Public Works							
Building and Development	5	5	5	5	6	7	8
Street and Drainage	10	11	7	7	7	7	7
Building Maintenance	1	1	1	1	1	1	--
Fleet	3	2	2	2	2	2	3
Parks and Recreation	27	28	13	13	12	13	13
Utilities:							
Water	15	16	17	17	18	18	18
Wastewater	7	6	6	6	10	10	10
Environmental	1	1	1	1	2	2	2
Natural Gas	6	6	6	6	8	8	8
Customer Service	6	6	6	6	5	6	5
Total	132	134	114	113	125	126	126

Source: City Budget

TABLE 18

September 30,		
2018	2019	2020
3	3	3
3	3	3
1	1	2
2	2	2
2	2	3
26	26	28
16	16	15
8	8	7
7	7	5
--	--	--
3	3	3
13	13	15
17	17	17
8	8	7
--	--	--
9	9	9
5	5	5
123	123	124

CITY OF ROCKPORT, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

	September 30,					
	2011	2012	2013	2014	2015	2016
Function/Program						
General Government						
Building Permits Issued	1,393	1,172	1,208	139	1,085	1,238
Building Inspections Conducted	1,533	1,557	1,540	1,978	2,097	2,137
Police						
Physical Arrests	833	833	598	879	1,133	351
Traffic Violations	4,025	4,025	1,286	2,029	1,756	1,598
Fire	N/A	N/A	N/A	N/A	N/A	N/A
Refuse Collection	N/A	N/A	N/A	N/A	N/A	N/A
Other Public Works						
Street Resurfacing (miles)	8 88	10 00	9 84	7 69	9 55	9 10
Potholes Repaired	N/A	N/A	40	28	32	36
Library	N/A	N/A	N/A	N/A	N/A	N/A
Water						
New Connections	97	150	56	150	410	154
Water Main Breaks	9	7	15	10	8	18
Average Daily Consumption	3,245,000	3,086,000	2,773,000	2,723,000	2,552,000	2,684,000
Peak Daily Consumption	5,994,000	4,980,000	4,486,000	4,400,000	4,446,000	4,027,000
Storage Capacity	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000
Wastewater						
Average Daily Sewage Treatment (millions of gallons)	1 06	1 10	1 19	1 19	1 51	1 44
Transit	N/A	N/A	N/A	N/A	N/A	N/A

TABLE 19

September 30,			
2017	2018	2019	2020
1,989	4,760	1,997	1,350
2,733	3,791	3,304	2,852
687	880	541	550
1,057	1,500	4,688	3,742
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
--	--	--	--
17	59	61	81
N/A	N/A	N/A	N/A
152	152	152	241
16	15	15	19
2,761,000	2,591,000	2,352,700	2,658,000
4,662,000	4,677,000	3,874,000	5,782,000
7,600,000	7,600,000	7,600,000	7,600,000
1.02	1.32	1.02	1.12
N/A	N/A	N/A	N/A


CITY of ROCKPORT, TEXAS
Est. 1870

Report on Internal Controls Over Financial Reporting and Compliance

CITY of ROCKPORT, TEXAS



COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

April 28, 2021

The Honorable Mayor and
Members of the City Council
City of Rockport, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockport, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weakness and significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questions costs as items 2020-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the accompanying schedule of findings and questioned costs as item 2020-002 to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and

City of Rockport, Texas' Response to Findings

The City of Rockport, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collier, Johnson & Woods

COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

April 28, 2021

The Honorable Mayor, and
Members of the City Council
City of Rockport, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Rockport, Texas' (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Rockport, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

CITY OF ROCKPORT, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2020

Summary of Audit Results

1. The independent auditor's report expresses an unmodified opinion on the basic financial statements of the City of Rockport, Texas.

2. Significant deficiencies and material weaknesses relating to the financial statements have been reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*". See material weakness 2020-001 and significant deficiency 2020-002 in the Schedule of Findings and Question Costs

3. No instances of noncompliance material to the financial statements of the City of Rockport, Texas, which is required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies or material weakness relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance".

5. The auditor's report on compliance for the major federal award programs for the City of Rockport, Texas expresses an unmodified opinion on all major programs.

6. See items 2020-001 and 2020-002 for audit findings that are required to be reported in accordance with the Uniform Guidance.

7. The programs tested as major programs included:

   U.S. Department of Housing and Urban Development-

   14.228 Community Development Block Grant

   U.S. Department of Justice-

   16.034 Coronavirus Emergency Supplemental Funding Program

   U.S. Department of Homeland Security:

   97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
   97.067 Operation Stonegarden

8. The dollar threshold for distinguishing Type A and Type B programs was $750,000.

9. The City of Rockport, Texas qualified as a low-risk auditee.

Financial Statement Findings

2020-001 Undetected Errors - Material Weakness in Internal Control over Financials Reporting

Condition – During the audit we found the following errors that had not been detected by the City:

- In the prior year, the September 30, 2019 payroll was recorded as of October 1, 2019 in error and had to be adjusted to the proper year (FY 2019). This payroll was not reversed in the current year and resulted in payroll expenses and accruals related to payroll liabilities being overstated throughout the year.
- There were errors made throughout the year in the handling of payments on PCards. As a result, claims to pooled cash and pooled accounts payable were not correct and significant time was spent by the City to correct these errors during the audit.
- Interest payments related to Gas Fund debt were paid by the Water & Sewer fund.
- Expenditures were recorded to due to, due from, transfers in, and transfers out. As a result, significant time was spent during the audit to find and correct these errors.

Criteria – The City needs to maintain complete and accurate records and errors need to be detect and corrected on a timely basis.

Context – Throughout the audit we found numerous coding and classification errors requiring adjustment. Errors between PCard Liability and Pooled cash were not corrected until late March.

Cause – The City has a problem with the quality and quantity of accounting staff which places an enormous burden on the Director of Finance to review and correct problems on a timely basis.

Effect – Accounting records are being corrected once a year and require enormous amount of time to find and correct the accounting records in order to produce accurate financial statements for the audit.

Recommendation – All these errors indicate a need for close supervision of staff and a constant review of accounts to detect error as quickly as possible. Encode, the City's computer system does have some controls that should help identify errors. In the Pooled Cash and Payable module, the system prints reconciliations on the Pooled Cash Report that should be monitored regularly. The system also allows the limitation of authority to post to certain accounts. We recommend these limitations be put on due to, due from and transfer accounts to prevent expenditures being posted to these sensitive accounts.

Views of Responsible Officials – All errors were corrected during the audit. The Finance Department is requesting an additional accountant in the FY22 budget process to continue to increase accuracy, error detection, improve timeliness, and reinforce internal controls.

Federal Award Findings and Questioned Costs

2020-002 SEFA – Significant Weakness in Internal Control over Compliance

Criteria – The City needs to maintain record of all costs, including direct third-party payments, allocation of payroll cost and indirect cost related to each grant.

Condition – The City set up a separate fund for its COVID grant. Payroll expenditures were accumulated in the fund, along with appropriate expenditures; however, information accumulated in the fund was not used for grant reimbursements. Grant reimbursements were based on direct payroll information and not information accumulated in the grant fund. Additionally, schedules of expenditures of federal awards include amounts paid to third-party vendors but not the payroll and indirect cost making it difficult to determine the status of the grants.

Questioned Costs – N/A

Context – The schedule of expenditures of federal awards should include all such costs expended during the year, including internal costs incurred by the City for the performance of the respective federal program.

Cause – The City has lacked experienced staffing to understand reporting requirements for proper financial reporting.

Effect – Enormous amounts of time and effort are required at year end to properly accumulate all expenditures related to federal awards.

Recommendation – We recommend grant administrators and finance coordinate accounting for grant expenditures, including the accumulation of payroll and indirect cost based on a thorough understanding of the grant requirements.

Views of Responsible Officials – There is no disagreement with the finding. Refer to management response per the corrective action plan. The City added an additional accountant in February 2021 and is currently retraining existing staff. The Finance Department is requesting an additional accountant in the FY22 budget process to continue to increase accuracy, error detection, improve timeliness, and reinforce internal controls.

Prior Year Audit Findings

The audit disclosed no findings required to be reported.

CITY OF ROCKPORT, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL / STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal / State Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Disbursements Expenditures
Federal Assistance				
U.S. Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		--	182,756
Passed through Texas Office of the Govenor - Homeland Security Grants Division (HSGD)				
Homeland Security Grant Program	97.067	EMW-2017-SS-00	--	153,484
Total U.S. Department of Homeland Security			--	336,240
U.S. Department of Justice				
COVID -19 Emergency Supplemental Funding Program	16.034		--	563,420
Total U.S. Department of Justice			--	563,420
U.S. Department of Housing and Urban Development				
Passed through Texas General Land Office				
Community Development Block Grant	14.228		--	382,642
Total U.S. Department of Housing and Urban Development			--	382,642
TOTAL EXPENDITURES OF FEDERAL AWARDS			--	1,282,302
State Assistance				
U.S. Department of Homeland Security				
Passed through Texas Office of the Govenor - Homeland Security Grants Division (HSGD)				
Borderstar	N/A		--	14,994
Total U.S. Department of Homeland Security			--	14,994
TOTAL EXPENDITURES OF STATE AWARDS			--	14,994
TOTAL FEDERAL AND STATE ASSISTANCE			--	1,297,296

See Accompanying Notes to the Schedule of Expenditures of Federal / State Awards.

CITY OF ROCKPORT, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2020

Note 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal / state awards (Schedule) includes the federal and state award activity of the City of Rockport, Texas (City) under programs of the federal and state governments for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.


CITY of ROCKPORT, TEXAS
Est. 1870

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 18

Deliberate and act on second & final reading of an Ordinance granting a Conditional Use Permit for mobile food and retail vending for property located at 210 Seabreeze; also known as approximately 80.0 acres of land out of portions of the Aransas County Navigation District No.1 Rockport Beach Park and Festival Grounds property located in the city of Rockport, Aransas County, Texas and being a portion of the 102.5 acre Rockport Harbor patent, Abstract 343 and revised August 12, 1953, and recorded in Volume M3, Page 499, Deed Records of Aransas County, Texas along with a portion of Abstract 357 dated November 6, 1953, containing 604.296 acres and recorded in volume N-3, page 178, Deed Record of Aransas County, Texas with said 80.0 acres of portion of Abstract 343 and 357; currently zoned R-1 (1st Single Family Dwelling District); subject to compliance with the conditions stated within this Ordinance, as well as those stipulated in the City of Rockport Code of Ordinances; repealing all ordinances in conflict therewith; providing for severability; and providing an effective date.

SUBMITTED BY: Amanda Torres, Community Planner; Mike Donoho, Director of Building and Development

APPROVED FOR AGENDA: PKC

BACKGROUND: Property owner Aransas County Navigation District, on behalf of its retail vendor, Goin' Coastal, has submitted an application seeking a request for a Conditional Use Permit to allow for food and retail vending, located at 210 Seabreeze Drive; also known as approximately 80.0 acres of land out of portions of the Aransas County Navigation District No.1 Rockport Beach Park and Festival Grounds property located in the city of Rockport, Aransas County, Texas and being portion of the 102.5 acre Rockport Harbor patent, abstract 343 and revised August 12, 1953, and recorded in volume M3, page 499, deed records of Aransas County, Texas along with a portion of abstract 357 dated November 6, 1953, containing 604.296 acres and recorded in volume N-3, page 178, deed record of Aransas County, Texas with said 80.0 acres of portion of abstract 343 and 357; currently zoned R-1 (1st Single Family Dwelling District).

The buildings were already constructed, but not yet occupied, when they were reported as a violation. A picture of the buildings is on the following page. A stop work order has been issued until the CUP process can be completed.

A public notice regarding this item was published in *The Rockport Pilot* in the Saturday, April 10, 2021, edition and mailed out to eighteen property owners within a 200-foot radius of the property. No letters for or against the request were received. A Joint Public Hearing was held on Tuesday, April 27, 2021. No comments were made. The Planning & Zoning Commission met on Monday, May 3, 2021, and recommended approval of this request.

There have been no changes in format or content since Council approved the first reading of the Ordinance on May 11, 2021.

Please see the accompanying zoning change request application and Section 118-23 of Code of Ordinances for detail information. Also attached is a copy of the proposed Conditional Use Permit (CUP) Ordinance detailing the specific land uses requested and the conditions in which the land uses would be conducted. This ordinance has been reviewed and approved to legal form by the City Attorney.

RECOMMENDATION: Staff recommends approval of the second and final reading of an Ordinance granting a Conditional Use Permit for mobile food and retail vending for property located at 210 Seabreeze; also known as approximately 80.0 acres of land out of portions of the Aransas County Navigation District No.1 Rockport Beach Park and Festival Grounds property located in the city of Rockport, Aransas County, Texas and being a portion of the 102.5 acre Rockport Harbor patent, Abstract 343 and revised August 12, 1953, and recorded in Volume M3, Page 499, Deed Records of Aransas County, Texas along with a portion of Abstract 357 dated November 6, 1953, containing 604.296 acres and recorded in volume N-3, page 178, Deed Record of Aransas County, Texas with said 80.0 acres of portion of Abstract 343 and 357; currently zoned R-1 (1st Single Family Dwelling District); subject to compliance with the conditions stated within this Ordinance, as well as those stipulated in the City of Rockport Code of Ordinances; repealing all ordinances in conflict therewith; providing for severability; and providing an effective date, as presented.

ORDINANCE NO. ____

AN ORDINANCE GRANTING A CONDITIONAL USE PERMIT FOR MOBILE FOOD AND RETAIL VENDING FOR PROPERTY LOCATED AT 210 SEABREEZE; ALSO KNOWN AS APPROXIMATELY 80.0 ACRES OF LAND OUT OF PORTIONS OF THE ARANSAS COUNTY NAVIGATION DISTRICT NO.1 ROCKPORT BEACH PARK AND FESTIVAL GROUNDS PROPERTY LOCATED IN THE CITY OF ROCKPORT, ARANSAS COUNTY, TEXAS AND BEING PORTION OF THE 102.5 ACRE ROCKPORT HARBOR PATENT, ABSTRACT 343 AND REVISED AUGUST 12, 1953, AND RECORDED IN VOLUME M3, PAGE 499, DEED RECORDS OF ARANSAS COUNTY, TEXAS ALONG WITH A PORTION OF ABSTRACT 357 DATED NOVEMBER 6, 1953, CONTAINING 604.296 ACRES AND RECORDED IN VOLUME N-3, PAGE 178, DEED RECORD OF ARANSAS COUNTY, TEXAS WITH SAID 80.0 ACRES OF PORTION OF ABSTRACT 343 AND 357; CURRENTLY ZONED R-1 (1ST SINGLE FAMILY DWELLING DISTRICT); SUBJECT TO COMPLIANCE WITH THE CONDITIONS STATED WITHIN THIS ORDINANCE, AS WELL AS THOSE STIPULATED IN THE CITY OF ROCKPORT CODE OF ORDINANCES; REPEALING ALL ORDINANCES IN CONFLICT THEREWITH; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, an application for a Conditional Use Permit was received in the office of the Building Department, Rockport, Texas; and

WHEREAS, On April 8, 2021, notice was posted on the bulletin boards at the Rockport Service Center, 2751 State Highway 35 Bypass and on the City's webpage www.cityofrockport.com; and

WHEREAS, on April 9, 2021, notice was mailed to affected property owners within 200' of subject property; and

WHEREAS, on April 10, 2021, the City caused to be published "Notice of Joint Public Hearing" in the official newspaper of the City notifying area residents and the public in general to participate and make their views known regarding this request; and

WHEREAS, on April 27, 2021, at 6:30 p.m., the Rockport City Council and the Planning & Zoning Commission did hold a Joint Public Hearing; and

WHEREAS, on May 3, 2021, the Planning & Zoning Commission did meet and said Commission voted to recommend to the City Council to accept and approve this request for a Conditional Use Permit to property located at 210 Seabreeze.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROCKPORT TEXAS:

SECTION 1 – CONDITIONAL USE PERMIT

That, pursuant to Section 118-23 "Conditional Use Permit" (CUP), of the Rockport Code of Ordinances, a Conditional Use Permit is hereby granted to property located at 210 Seabreeze for the purpose of allowing mobile food and retail vending, subject to compliance with the following conditions and all applicable regulations and conditions contained in the City of Rockport Code of Ordinances:

1. Any development of the property must comply with all requirements of the "R-1" 1st Single Family Dwelling District and any other applicable requirements as stated in the City of Rockport Code of Ordinances.

2. Vendors must sell goods from a self-contained, mobile or road-ready vending structure that is attached to the site only by quick disconnect type utilities and security devices and has no permanently attached additions. It also shall be capable of evacuation under its own power or if dependent on external power, the vehicle proposed for external power shall be in running condition.

3. Vendors shall not commence operations until the vendor has obtained all health and other permits and licenses required by state, local, or federal laws, rules, or regulations in connection with the vendor's business.

4. Required parking and restroom facilities as described in Chapter 22 Buildings and Building Regulations, Chapter 26 Businesses and Chapter 118 Zoning will be provided by the property owner.

5. Any use other than that granted herein or permitted by right in the "R-1" zoning district shall be treated as an amendment to the Conditional Use Permit and shall be required to re-submit a Conditional Use Permit request as outlined in the Zoning Ordinance.

SECTION 2

That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

SECTION 3

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this Ordinance be severable, and, if any phrase, clause, sentence, paragraph, or section of this Ordinance shall be declared invalid by judgment or decree of any

court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this Ordinance and the remainder of this Ordinance shall be enforced as written.

SECTION 4

That it is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 5

Any individual, firm, corporation, utility or business entity that violates the provisions of this Ordinance shall, upon conviction, be fined as provided in Section 1-7 of the City Code.

SECTION 6

The repeal or amendment of any ordinance or part of ordinances effectuated by the enactment of this Ordinance shall not be construed as abandoning any action now pending under or by virtue of such ordinance or as discontinuing, abating, modifying, or altering any penalty accruing or to accrue or as affecting any rights of the City under any section or provisions of any ordinances in effect at the time of passage of this Ordinance.

SECTION 7

The provisions of this Ordinance shall be cumulative of all ordinances not repealed by this Ordinance and ordinances governing or regulating the same subject matter as that covered herein.

SECTION 8

This ordinance shall become effective immediately upon adoption by second and final reading.

APPROVED on first reading the 11th day of May 2021.

CITY OF ROCKPORT, TEXAS

_____

Patrick R. Rios, Mayor

ATTEST:

_____

Teresa Valdez, City Secretary

APPROVED, PASSED and **ADOPTED** on second and final reading, the ____ day of _____2021.

CITY OF ROCKPORT, TEXAS

_____
Patrick R. Rios, Mayor

ATTEST:

_____
Teresa Valdez, City Secretary

APPROVED AS TO LEGAL FORM:
T. Daniel Santee, City Attorney


COMING SOON!
Goin Coastal
OUTFITTERS
Beach Shop

STAFF REPORT

Building & Development Services | Amanda Torres, Community Planner
2751 SH 35 Bypass, Rockport, TX 78362
Phone: (361) 790-1125, x. 226 | Email: communityplanner@cityofrockport.com

PROPERTY ADDRESS/LOCATION
210 Seabreeze

APPLICANT/PROPERTY OWNER
Aransas County Navigation District

PUBLIC HEARING DATE
Tuesday, April 27, 2021

P&Z DATE
Monday, May 3, 2021

CITY COUNCIL DATE(S)
1st Reading - Tuesday, May 11, 2021
2nd Reading – Tuesday, May 25, 2021

BRIEF SUMMARY OF REQUEST

Property owner Aransas County Navigation District on behalf of its retail vendor, Goin' Coastal, has submitted an application seeking a request for a Conditional Use Permit to allow for food and retail vending, located at 210 Seabreeze Drive; also known as approximately 80.0 acres of land out of portions of the Aransas County Navigation District No.1 Rockport Beach Park and Festival Grounds property located in the city of Rockport, Aransas County, Texas and being portion of the 102.5 acre Rockport Harbor patent, abstract 343 and revised August 12, 1953, and recorded in volume M3, page 499, deed records of Aransas County, Texas along with a portion of abstract 357 dated November 6, 1953, containing 604.296 acres and recorded in volume N-3, page 178, deed record of Aransas County, Texas with said 80.0 acres of portion of abstract 343 and 357; currently zoned R-1 (1st Single Family Dwelling District).

A public notice regarding this item was published in The Rockport Pilot in the Saturday, April 10, 2021 edition and mailed out to eighteen property owners within a 200-foot radius of the property. No letters for or against the request were received. The Planning & Zoning Commission met on Monday, May 3 and recommended approval of this request.



MAP SOURCE: Pictometry

EXISTING ZONING	EXISTING LAND USE	SURROUNDING ZONING & LAND USE	SITE IMPROVEMENTS	SIZE OF PROPERTY
R-1 1st Single Family Dwelling District	Park	**North:** Little Bay; B-1 General Business, businesses **East:** R-2 2nd Second Family Dwelling District, single-family residences **South**: Aransas Bay **West:** B-1 General Business, harbor area/businesses	None	80 acres

STAFF RECOMMENDATION

APPROVE | **APPROVE WITH CONDITIONS** | **DENY**

COMPATIBILITY with the ZONING ORDINANCE & FUTURE LAND USE MAP

Any future development will meet all requirements as indicated in the R-1 1st Single Family Dwelling District, Section 118-23 *Conditional Use Permit*, and conditions as will be outlined in the recommended adopting ordinance.

This land use can be compatible with the land use associated with this area as indicated in the Future Land Use Map.

PROPERTY HISTORY

Compatibility with the planned development (or other controlling documents); traffic/parking; public works/utilities; engineering/flood plain/soil; building code/fire or design

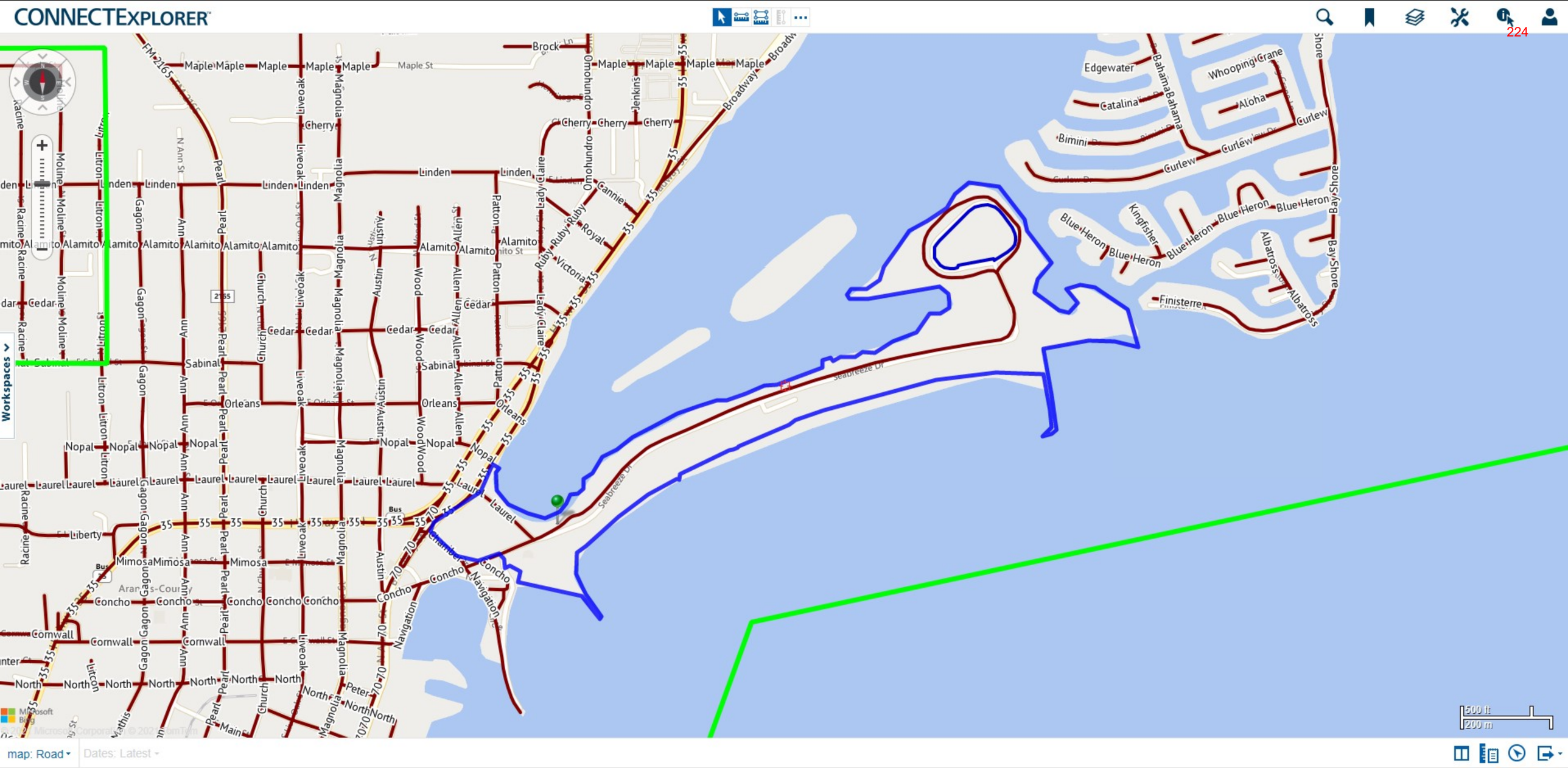
The property is within the Special Flood Hazard Area. Building permits and inspections will be issued through the City Building Department.

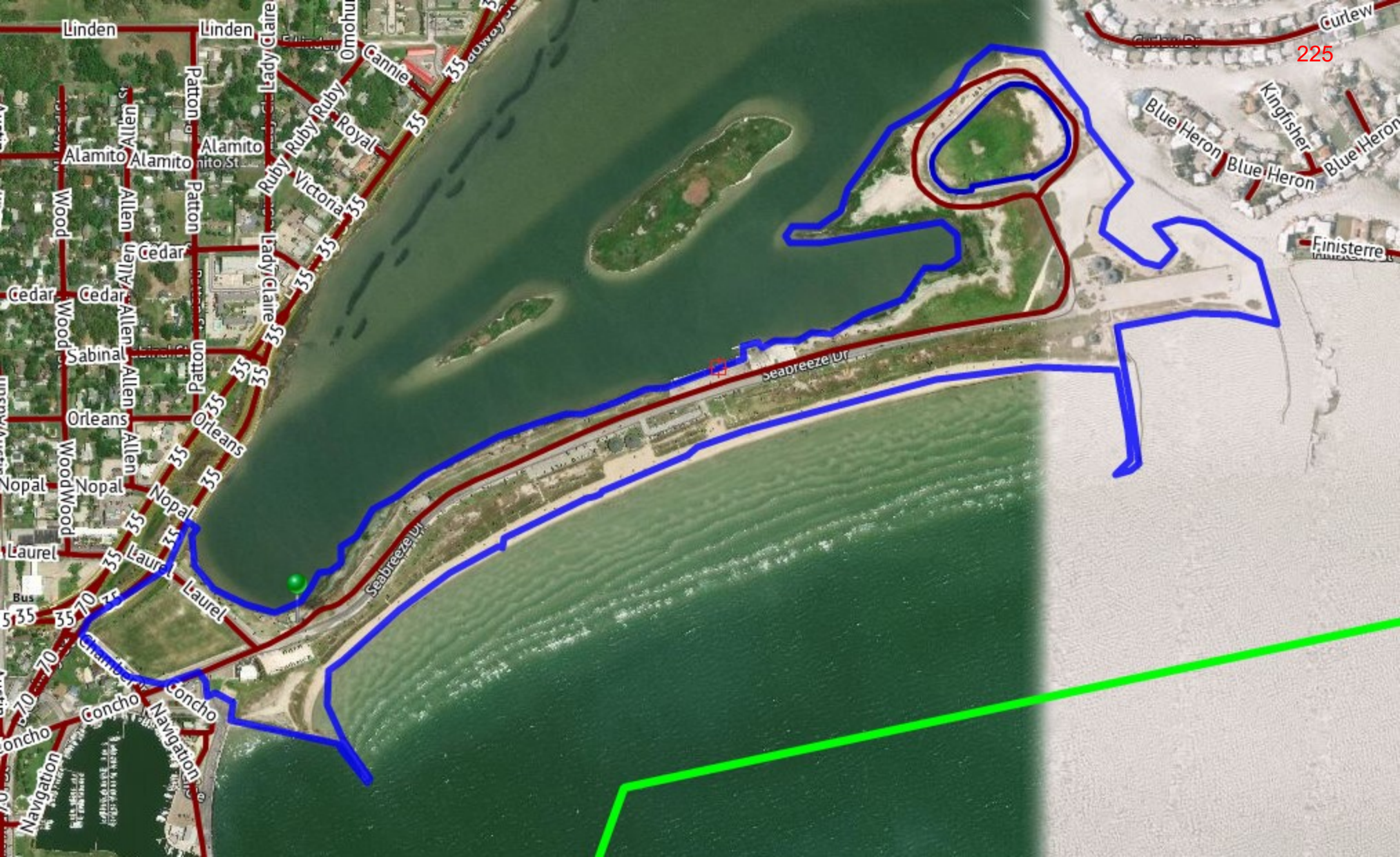
ATTACHMENTS (CIRCLE)

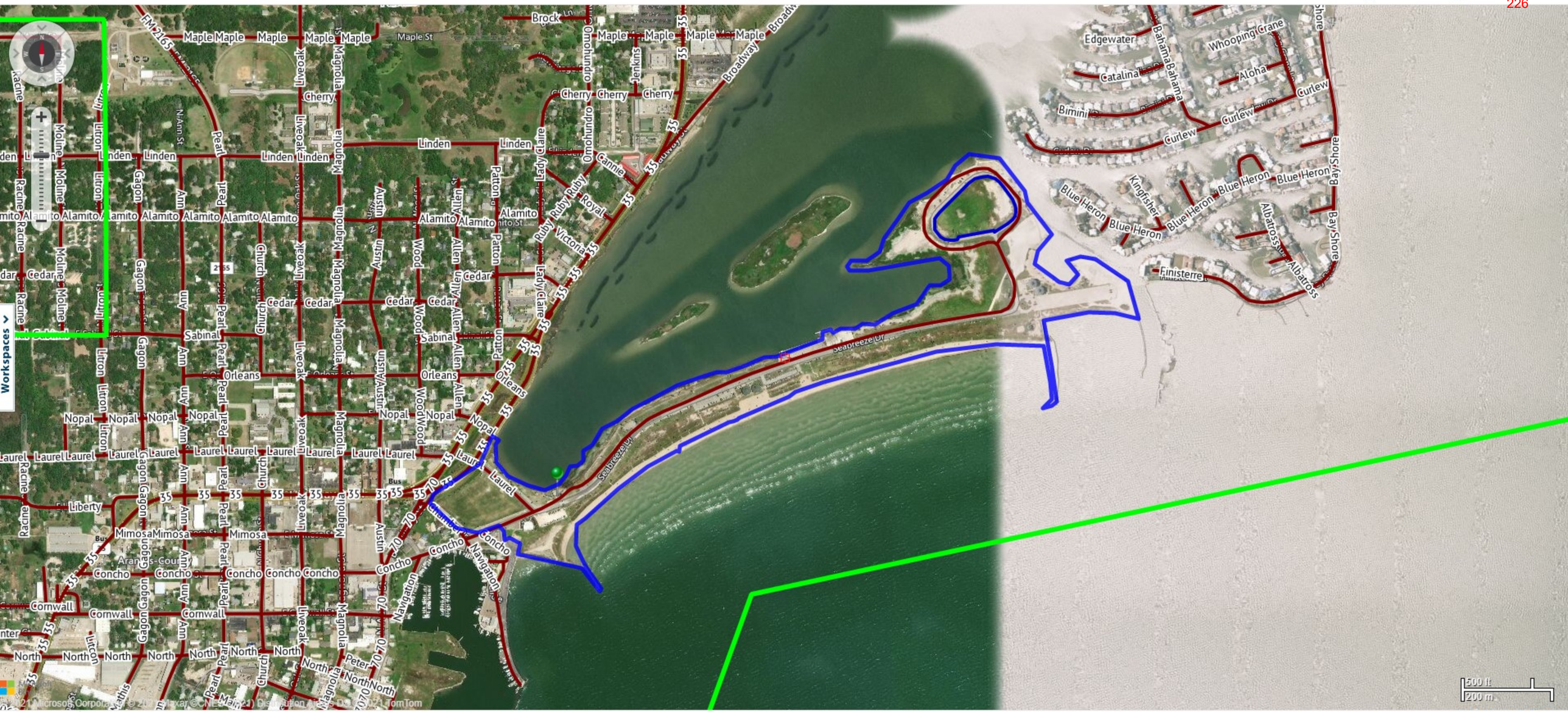
SUBMITTED PLANS | PUBLIC HEARING PETITION/ APPLICATION FORM | LEGAL NOTICE | LEGAL DESCRIPTION

PUBLIC COMMENTS | AGENCY COMMENTS | RESPONSE TO STANDARDS

OTHER (DESCRIBE)

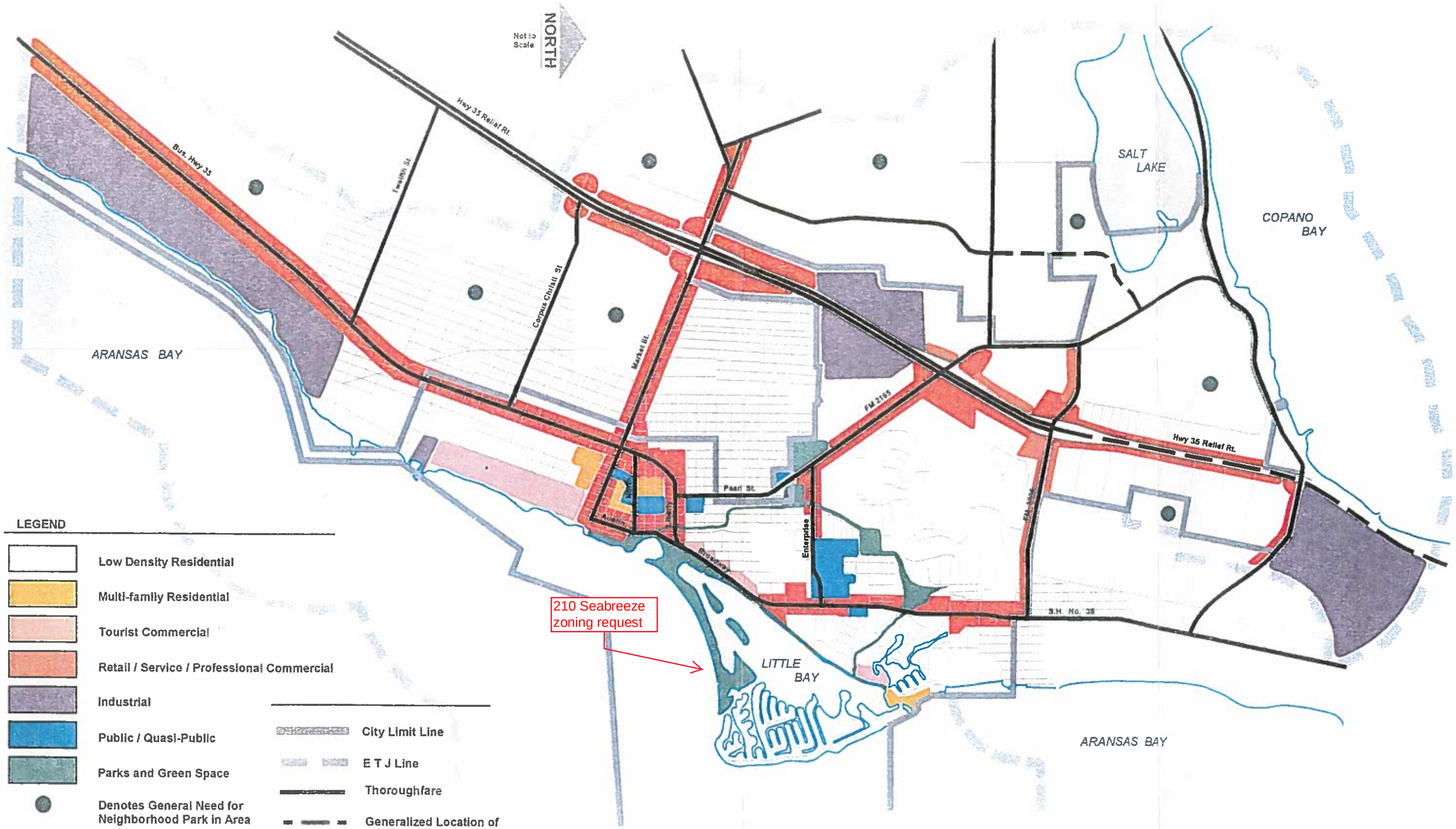

CONNECTEXPLORER
224
Workspaces
Maple
Cherry
Linden
Alamito
Cedar
Sabinal
Orleans
Nopal
Laurel
Liberty
Mimosa
Concho
Cornwall
North
Edgewater
Catalina
Bimini
Bahama
Whooping Crane
Aloha
Curlew
Kingfisher
Blue Heron
Albatross
Finisterre
Bay Shore
Seabreeze Dr
Navigation
Broadway
Pearl
Magnolia
Liveoak
Austin
Ann
Gagon
Lytton
Racine
Moline
Patton
Allen
Woodlawn
Church
Omohundro
Jenkins
Lady Claire
Ruby
Royal
Victoria
Gannie
Brock
Peter
Main
Mathis
Maple St
N Ann St
E Nopal St
E Laurel St
E Liberty St
E Mimosa St
E Concho St
E Cornwall St
E North St
E Peter St
E Main St
E Mathis St
E Lady Claire
E Linden
E Alamito St
E Cedar St
E Sabinal St
E Orleans St
Chamberlain
FM 2165
2165
35
70
Bus
500 ft
200 m
Microsoft Bing
map: Road
Dates: Latest


Linden
Linden
Lady Claire
Omohundro
Cannie
Ruby
Ruby
Ruby
Royal
Victoria
Alamito
Alamito
Alamito
Patton
Patton
Patton
Allen
Allen
Allen
Allen
Wood
Wood
Wood
Cedar
Cedar
Cedar
Lady Claire
Sabinal
Orleans
Orleans
Nopal
Nopal
Nopal
Laurel
Laurel
Laurel
Bus
Concho
Concho
Concho
Navigation
Navigation
Seabreeze Dr
Seabreeze Dr
Curlew
Curlew Dr
225
Kingfisher
Blue Heron
Blue Heron
Blue Heron
Finisterre
35
70



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Note: A Comprehensive Plan shall not constitute zoning regulations or establish zoning district boundaries



LEGEND

- Low Density Residential
- Multi-family Residential
- Tourist Commercial
- Retail / Service / Professional Commercial
- Industrial
- Public / Quasi-Public
- Parks and Green Space
- Denotes General Need for Neighborhood Park in Area
- City Limit Line
- E T J Line
- Thoroughfare
- Generalized Location of Future Thoroughfare

MPRG inc.
Municipal Planning Resources Group, Inc.

City of Rockport, Texas
Future Land Use Plan w / ETJ

Article I. Zoning Ordinance*

Sec. 118-23. Conditional use permit.

23.1 *General*. A Conditional-Use Permit (CUP) shall be obtained for certain uses, which would become harmonious or compatible with neighboring uses through the application and maintenance of qualifying conditions and located in specific locations within a zone, but shall not be allowed under the general conditions of the zone as stated in this Code. The granting of a CUP has no effect on the uses permitted as of right and does not waive the regulations of the underlying zoning district. The CUP requirement for a use in a district does not constitute an authorization or an assurance that the use will be permitted. Uses requiring a CUP are listed within a zoning district and in subsection 23.10 of this article. Uses not listed within a zoning district that may be eligible for a CUP shall be administered through this article.

23.2 *Applications*. All CUP applications shall be submitted to the code official on a form provided by the city consistent with the provisions herein. All applications shall be accompanied by maps, drawings, statements or other documents in support of the request. An application fee shall be collected at the time of submittal. Said fee shall be: One Hundred Dollars and no cents ($100.00) for the first acre of land or fraction thereof, plus Ten Dollars and no cents ($10.00) per acre or fraction thereof over the first acre.

23.3 *Public Hearing*. Prior to the approval, approval with conditions or denial of a CUP, public hearings shall be held in accordance with the provisions of Article 26 of this ordinance [section 118-26 of this Code]. Upon the completion of said proceedings, the Commission shall render a recommendation(s) to the City Council. Decisions of the City Council shall be final.

23.4 *Review Criteria*. An application for a CUP shall be permitted to be approved, approved with conditions or denied. Each application for a CUP shall be submitted with enough data and information to be consistent with the criteria listed below:

1. That such use is necessary or desirable and provides a service or facility that contributes to the general well-being of the surrounding area.

2. That such use shall not adversely affect adjacent properties.

3. That such use is compatible with the existing or allowable uses of adjacent properties.

4. That such use can demonstrate that adequate public facilities, including roads, drainage, potable water and sanitary sewer, and police and fire protection exist or will exist to serve the requested use at the time such facilities are needed.

5. That such use can demonstrate adequate provision for maintenance of the use in question along with any associated structures.

6. That such use has minimized, to the degree possible, adverse effects on the natural environment.

7. That such use will not create undue traffic congestion.

8. That such use will not adversely affect the public health, safety or welfare.

9. That such use conforms to all applicable provisions of this Code.

10. That such use is consistent with all applicable provisions of the comprehensive plan.

23.5 *Expiration*. A CUP shall be considered exercised when the use has been established. When such CUP is not exercised, or is abandoned, or is discontinued for a period of 1 year from the date of granting thereof, it shall be considered expired and shall not be reestablished unless authorized by the City Council with recommendation(s) from the Planning & Zoning Commission.

23.6 *Annual Review*. Subsequent to the issuance of a CUP, a review shall be conducted annually by the Code Official to determine that the terms of the CUP are being met.

23.7 *Revocation*. A CUP shall be revoked when the applicant fails to comp1y with conditions imposed by the permit. Said CUP shall not be reestablished unless authorized by the City Council with recommendation(s) from the Planning & Zoning Commission.

23.8 *Existing Conditional-Use Permit*. Any amendment sought to an existing CUP shall be considered as a new application and shall comply with this article.

23.9 *Existing Special Permit*. Any amendment sought to an existing Special Permit existing prior to (date of amending ordinance inserted here), shall be considered as a new application and shall comply with this article as a CUP. Such amendment(s) may not preclude or nullify the conditions to any Special Permit previously issued unless requested by the applicant. Annual review shall be in accordance with subsection 23.6.

23.10 *Specific uses requiring a CUP*. The following listed uses will require a CUP approval prior to issuance of a building permit. These uses are also listed within their respective zoning district.

1. Permanent or long term (more than 30 days) public entertainment facilities or uses. Such facilities or uses shall include, but not be limited to, amusement parks, carnivals, animal shows, marine life shows, dance/theatrical productions or natatoriums. This provision is listed in a B-1 district).

2. Private, child nurseries or pre-kindergarten schools in R-1 through R-7 districts.

3. Retail shops, restaurants, clubs and lounges in R-6 and R-7 districts when not built within a hotel or office building.

4. Meat, fish or shellfish processing plant in a B-1 district.

5. Penal institutions and detention centers in R-7 districts only. A listed use out-right in a B-1 district.

6. Bed and Breakfast accommodations in R-1 through R-3 districts.

7. The keeping and raising of farm animals in all districts pursuant to the city's animal control ordinance. Agricultural land annexed into the city as R-1 zoning is exempt where such uses are existing uses.

8. Radio, television or communications tower in an R-7 district, provided Federal Communications Commission and Federal Aviation Administration permit requirements are met (refer to Article 24 [section 118-24] for Special Conditions).

9. Outdoor welding operations when located in a B district only.

10. Recreational Vehicle/Manufactured Housing Parks in any district when complying with recreational vehicle/manufactured housing park standards addressed in Article 24 of this ordinance [section 118-24 of this Code].

11. Adult entertainment in B and I districts.

(Ord. No. 1027, art. 23, 4-9-96; Ord. No. 1601, § 1, 3-26-13)

CITY of ROCKPORT, TEXAS
Est. 1870

CITY OF ROCKPORT
ZONING AND LAND DEVELOPMENT APPLICATION

INSTRUCTION: Please fill out completely. If more space is needed, attach additional pages. Please print or use typewriter.

A. REQUESTING: Rezoning [ ] Conditional Permit [X]

Planned Unit Development (P.U.D.) by Conditional Permit [ ]

B. ADDRESS AND LOCATION OF PROPERTY 210 SEABREEZE DRIVE, Rockport, TX.

C. CURRENT ZONING OF PROPERTY: R1

D. PRESENT USE OF PROPERTY: RECREATION, BOAT LAUNCH, BIRD & NATURE RESERVE, SHORT TERM EVENT RENTAL, VENDORS

E. ZONING DISTRICT REQUESTED: _____

F. CONDITIONAL USE REQUESTED: ADD ADTIONAL VENDOR for BEACH RELATED ITEMS, SUNSCREEN, TEE SHIRTS, ETC,

G. LEGAL DESCRIPTION: (Fill in the one that applies)

- Lot or Tract _____ Block _____
- Tract ENTIRE BEACH FACILITY of the _____ Survey as per metes and bounds (field notes attached)
- If other, attach copy of survey or legal description from the Records of Aransas County or Appraisal District.

VENDORS ARE MOBLE & CAN RELOCATE BASED ON TRAFFIC

H. NAME OF PROPOSED DEVELOPMENT (if applicable) _____
SHAWN MILLER IS OPERATION / VENDOR

I. TOTAL ACREAGE OR SQ. FT. OF SITE(S): of EFFECTED LESS THAN 1 ACRE (800 SQF)

J. REASON FOR REQUEST AND DESCRIPTION OF DEVELOPMENT: (Please be specific)

ADD of VENDOR OTHER THAN FOOD or DRINK
(BEACH) RELATED SUPPLY - TEE SHIRTS, SUN SCREEN HAT's, FLIP/FLOPS, ECT...

K. OWNER'S NAME: (Please print) ARANSAS COUNTY NAVIGATION
ADDRESS: 911 NAVIGATION Circle, Rockport, TX.
CITY, STATE, ZIP CODE: RKPT, TX. 78382
PHONE NO 361-729-6661

L. REPRESENTATIVE: (If Other Than Owner) KEITH BARRETT
ADDRESS: 911 NAVIGATION CIRCLE
CITY, STATE, ZIP CODE: RKPT. TX. 78382
PHONE NO CELL / 361-385-0525

NOTE: Do you have property owner's permission for this request?
YES ✓ NO _____

M. FILING FEE:

REZONING	$150.00 + $10.00 PER ACRE
PLANNED UNIT DEVELOPMENT	$200.00 + $10.00 PER ACRE
P.U.D. REVISION	$200.00 + $10.00 PER ACRE
CONDITIONAL PERMIT	$150.00 + $10.00 PER ACRE ✓

(Make check payable to the City of Rockport)

- Submit application and filing fee to the Department of Building & Development, City of Rockport; 2751 S.H. 35 Bypass, Rockport, Texas 78382.

Signed: _____
(Owner or Representative)

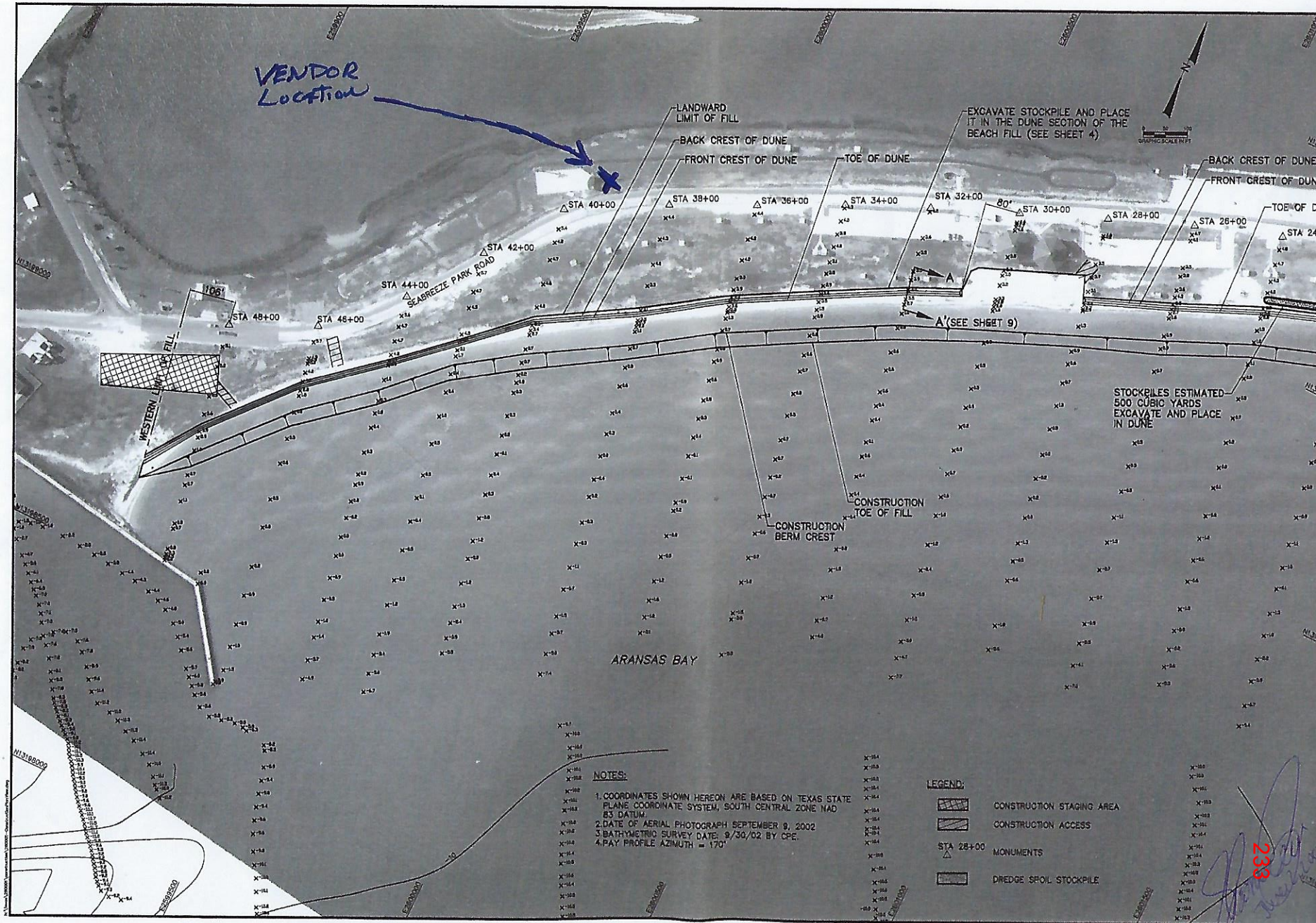
(FOR CITY USE)

Received by: _____ Date: _____ Fees Paid: $_____

Submitted Information (_____accepted) (_____ rejected) by: _____

If rejected, reasons why: _____

Receipt No. _____


VENDOR Location
LANDWARD LIMIT OF FILL
BACK CREST OF DUNE
FRONT CREST OF DUNE
TOE OF DUNE
EXCAVATE STOCKPILE AND PLACE IT IN THE DUNE SECTION OF THE BEACH FILL (SEE SHEET 4)
STA 40+00
STA 38+00
STA 36+00
STA 34+00
STA 32+00
STA 30+00
STA 28+00
STA 26+00
STA 42+00
STA 44+00
SEABREEZE PARK ROAD
STA 48+00
STA 46+00
106'
80'
A
A' (SEE SHEET 9)
WESTERN LIMIT OF FILL
STOCKPILES ESTIMATED 500 CUBIC YARDS EXCAVATE AND PLACE IN DUNE
CONSTRUCTION TOE OF FILL
CONSTRUCTION BERM CREST
ARANSAS BAY
N13198000
E2499500
E2500000
E2500500
NOTES:
1. COORDINATES SHOWN HEREON ARE BASED ON TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE NAD 83 DATUM.
2. DATE OF AERIAL PHOTOGRAPH SEPTEMBER 9, 2002
3. BATHYMETRIC SURVEY DATE: 9/30/02 BY CPE.
4. PAY PROFILE AZIMUTH = 170°
LEGEND:
CONSTRUCTION STAGING AREA
CONSTRUCTION ACCESS
STA 28+00 MONUMENTS
DREDGE SPOIL STOCKPILE

BEACH PARK – FESTIVAL GROUNDS
DESCRIPTION

APRIL 7, 2021

BEING THE DESCRIPTION OF APPROXIMATELY 80.0 ACRES OF LAND OUT OF PORTIONS OF THE ARANSAS COUNTY NAVIGATION DISTRICT NO. 1 ROCKPORT BEACH PARK AND FESTIVAL GROUNDS PROPERTY LOCATED IN THE CITY OF ROCKPORT, ARANSAS COUNTY, TEXAS AND BEING A PORTION OF THE 102.5 ACRE ROCKPORT HARBOR PATENT, ABSTRACT 343 AND REVISED AUGUST 12, 1953, AND RECORDED IN VOLUME M3, PAGE 499, DEED RECORDS OF ARANSAS OCUNTY, TEXAS ALONG WITH A PORTION OF ABSTRACT 357 DATED NOVEMBER 6, 1953, CONTAINING 604.296 ACRES AND RECORDED IN VOLUME N-3, PAGE 178, DEED RECORDS OF ARANSAS COUNTY, TEXAS WITH SAID 80.0 ACRES OF PORTION OF ABSTRACT 343 AND 357 BEING GENERALLY DESCRIBED BY BOUNDS AS FOLLOWS;

SAID 80.0 ACRE PARCEL BEING BOUND ON THE SOUTHWEST BY THE CENTERLINE OF CHAMBER DRIVE; ON THE LOWER SOUTHEAST SIDE BY THE CENTERLINE OF SEABREEZE DRIVE ADJACENT TO THE FESTIVAL GROUNDS;

THENCE IN A NORTHEASTERLY DIRECTION TO THE ENTRANCE GATE OF THE ROCKPORT BEACH PARK;

THENCE TURNING IN A SOUTHEASTERLY DIRECTION PERPENDICULAR TO SEABREEZE DRIVE TO THE SHORELINE OF ARANSAS BAY;

THENCE ALONG AND WITH THE MEANDERS OF THE SHORELINE OF ARANSAS BAY IN AN EASTERLY DIRECTION TO BE SHORELINE OF LEGGETT LIGHTS ENTRANCE CHANNEL;

THENCE IN THE NORTHWESTERLY DIRECTION, ALONG AND WITH THE MEANDERS OF THE SHORELINE OF LEGGETT LIGHTS CHANNEL TO THE SOUTHEASTERLY SHORELINE OF THE ROCKPORT SKI BASIN;

THENCE ALONG AND WITH THE MEANDERS OF THE SOUTHEAST SHORELINE OF THE ROCKPORT SKI BASIN TO THE SOUTHWEST SHORELINE OF THE ROCKPORT SKI BASIN ADJACENT TO THE EAST LAUREL STREET;

THENCE IN A NORTHWESTERLY DIRECTION ALONG AND WITH THE SOUTHWEST SHORELINE OF THE ROCKPORT SKI BASIN AJACENT TO EAST LAUREL STREET TO ITS INTERSECTION WITH THE EAST ROW LINE OF THE NORTHBOUND PORTION OF TEXAS STATE HIGHWAY NO. 35 BUSINESS;

THENCE IN A SOUTHWESTERLY DIRECTION ALONG AND WITH ROW LINE OF THE NORTHBOUND LANE OF TEXAS STATE HIGHWAY NO. 35 BUSINESS TO THE INTERSECTION OF THE CENTERLINE OF CHAMBER DRIVE AND CONTAINING APPROXIMATELY 80.0 ACRES OF LAND, MORE OR LESS.

210407EBFN

ARANSAS COUNTY NAVIGATION DISTRICT
CONCESSION CONTRACT

1. The parties to this Contract are the **Aransas County Navigation District** (District) and **Sharon Miller d/b/a Goin' Coastal Outfitters** (Concessionaire). Exhibit A to this Contract contains further information regarding Concessionaire.

2. The District hereby grants to Concessionaire, and Concessionaire hereby accepts, a concession license to sell goods, as described below, at a designated location authorized by the Harbor Master within the District's property. The goods include t-.shirts and Rockport and Rockport Beach merchandise. Concessionaire is permitted to sell only the described goods. No product may be sold or otherwise dispensed in a glass container anywhere within the District's property.

3. **The term of this Contract shall commence at 12:01 a.m. on March 1, 2021, and shall expire at 11:59 p.m. on February 28, 2023.**

4. **Concessionaire agrees to pay a license fee of $134.00 per month in advance.** All payments are due at the District office on or before the last day of each month during the term of this Contract and during any extension of renewal hereof. If any payment owed to the District is not paid on or before the due date, the Concessionaire shall owe and pay promptly a late fee in the amount of 10% of the monthly fee and an additional late fee of the same amount for every subsequent 30-day period that said payment continues to be unpaid.

5. Concessionaire shall be open for business during reasonable hours every day and, at a minimum, shall be open for business from 1:00 p.m. to sundown every Friday, Saturday and Sunday, except when public access to the Beach has been closed or substantially limited for any reason.

6. Concessionaire is permitted to sell the goods from a self-contained, mobile food-vending trailer, as authorized in paragraph (2) of the concession contract. All concession locations are subject to change at the discretion of the Harbor Master, upon 5 days notice to the Concessionaire. Every substantial change from that described and permitted herein shall be subject to the approval of the Harbor Master. Concessionaire's trailer, stand, cart, equipment and other property shall not remain on the District's property overnight. Concessionaire shall not attach or anchor its trailer, stand, cart or any other equipment to the District's lands in such a manner as to be permanent or to constitute a fixture to the District's property.

7. The prices of all goods for sale shall be clearly posted by the Concessionaire at its location. Setting of prices shall be at the discretion of the Concessionaire.

8. Concessionaire shall not commence operations until Concessionaire has obtained all health and other permits and licenses required by state, local, or District laws, rules, or regulations in connection with the Concessionaire's business, and has obtained all insurance coverages required by this Contract, and satisfactory proof thereof has been delivered to the District.

9. The Concessionaire shall maintain all of its equipment in a good, clean, safe, and sanitary condition. Every good dispensed shall be in a safe and sanitary condition and not past its expiration date, if applicable. Although failure of the Concessionaire to comply with this requirement will be a breach of this Contract, the District does not hereby assume any liability to Concessionaire or to any third party for any loss or injury caused by any goods, service, or equipment dispensed by the Concessionaire.

10. Concessionaire shall keep its location clean and shall pick up all trash from its operation that is blown onto other areas of the property. Concessionaire shall provide public trash receptacles at its location. The Concessionaire shall at the end of each day, and additionally as may be necessary, transfer all waste to the District's waste dumpsters. No hazardous substance shall be deposited in a District receptacle. Concessionaire shall not cause or allow any environmental waste or contamination of the District's lands or waters from the Concessionaire's operations.

11. The District agrees to provide water service to Concessionaire by means of a metered connection to the District's water line, so long as District has potable water available at that location. The District's obligation is subject to availability of the service at the Location and the District shall have no liability for any interruption of service from any cause. Concessionaire agrees to pay for all services at the rates established by the District and in accordance with the periodic statements from the District.

12. Concessionaire shall comply with all laws, regulations, and rules applicable to its operation, goods, services or equipment, and with all rules promulgated by the District. The use of all fuels and other flammable products are subject to inspection and approval by the Harbor Master. The Concessionaire may not keep at its location or anywhere within the Beach any explosive or hazardous materials, other than fuel for its normal operations.

13. The District shall have access to and the right to inspect the Concessionaire's location, trailer, stand, cart, or other equipment at any time during normal business hours and, in addition, at any time the Harbor Master determines, within his discretion, that there may be an urgent need to inspect or take action to prevent injury to persons or property.

14. **Rockport and Rockport Beach merchandise The District will not grant a concession to a third party to vend within the Beach any t-shirts and while this Contract remains in force.** However, the District reserves the right to allow persons

who rent the pavilions or other facilities within the Beach to provide or have catered to their guests any such goods in connection with the events for which the facilities are rented.

15. Neither the Concessionaire nor any of Concessionaire's employees, agents, guests, or invitees shall consume alcoholic beverages or illegal drugs, or be under the influence of such, while on duty or conducting business within the Beach. Concessionaire shall ensure that all employees and representatives of the Concessionaire who are on the District's property are of good character and fit to have contact with members of the public who will be present on the property.

16. Concessionaire shall have the right to display at the location reasonable signage identifying or advertising the Concessionaire's business. Concessionaire shall not have or allow any other signage on the premises without specific written approval of the Harbor Master. Concessionaire may engage in advertising relative to the concession consistent with a dignified image in the operation and maintenance of the Beach. If the Concessionaire wishes to conduct any special activity or event, the Concessionaire shall obtain the Harbor Master's approval in advance for the event and any related advertising or publicity. Concessionaire agrees to remove any lighting, signage, equipment, or any other item placed on the District's lands or mounted on Concessionaire's equipment, and to cause any activity occurring on the District's lands to cease, if the Harbor Master determines such item or activity to be a public nuisance or hazard to any person or property.

17. The Concessionaire shall maintain in force policies of insurance with not less than the following coverage limits during the term of this Contract:

Liability insuring personal injury per person	$ 300,000
Aggregate personal injury per occurrence	$ 600,000
Loss to Property: property damage per occurrence	$ 100,000
Products liability insurance covering all claims for property damage or personal injury caused by any defects in goods, services, or equipment dispensed by Concessionaire, if not included within the coverage stated above, per person	$ 300,000

The District shall be named as an additional insured on all policies of insurance. All policies shall provide for advance notice to the District of any changes or cancellations in coverage. Concessionaire shall deliver or cause to be delivered to the District office certificates or declarations of insurance or other satisfactory proof of the insurance coverages prior to commencement of operations under this Contract and shall maintain

on file with the District satisfactory evidence of the continuation of such coverage during the term of this Contract.

18. Concessionaire represents that it is familiar with the conditions of the Beach and of the designated location and accepts the use of the designated location and any other location hereafter designated as is, with all faults. The Concessionaire shall indemnify, hold harmless, and defend the District against every claim or cause of action arising from or relating to the operations of the Concessionaire or the acts or omissions of the Concessionaire or of any of the Concessionaire's employees, agents, representatives, guests, or invitees. Concessionaire shall give the District immediate notice of any claim that in any way directly or indirectly affects either the Concessionaire or the District.

19. A. The District shall have the right to immediately terminate this Contract upon written notice to the Concessionaire on the following grounds:

i. any payment owed to the District under this Contract is more than 30 days past due;

ii. there occurs a material breach or default by Concessionaire of any provision of this Contract;

iii. the Concession is abandoned, consisting of the failure to be open for business at the designated location for 5 consecutive calendar days or a total of 5 days within any 14 day period;

iv. the Concessionaire becomes the subject, voluntarily or involuntarily, of a proceeding in bankruptcy or Concessionaire includes this Contract in an assignment for the benefit of its creditors.

B. Either party may terminate this Contract at any time without any requirement for cause, upon not less than 60 days written notice to the other party.

20. The District shall have the right at its discretion to take possession of, remove, and store any goods, equipment, or other property of Concessionaire, at Concessionaire's expense, if the property is left within the Beach after the posted closing time, or the property has not been removed immediately after this Contract expires or is terminated, or the Harbor Master determines the property is creating an immediate hazard to persons or property. The District will make a good faith effort to give oral or written notice to Concessionaire of the District's action. If such property has not been reclaimed by the Concessionaire within 15 days after the District's action, the District shall have the right, without any further notice to Concessionaire, to sell any or all of the property in any commercially reasonable manner and to discard or donate to charity any property which the District deems not to have any substantial marketability or market value. The District shall have a lien on all such property for payment of any amounts owed by Concessionaire to the District, and the District may apply any proceeds from the sale first to the cost of preparing the items of property for sale, then to the costs of sale, then to satisfy amounts owed by the Concessionaire to the District

under this Contract or otherwise, and then any balance will be available to be claimed by the Concessionaire.

21. The failure of the District to insist upon the strict performance of any of the terms, covenants, or conditions of this Contract shall not be deemed to be a waiver of any further or future breach or default.

22. The performance by either party hereunder shall be excused during a period in which that party's performance has been rendered impossible or impracticable as a result of an act of God, war, civil commotion, or other emergency condition beyond the control of the party. In the event Concessionaire's trailer, stand, cart, or a substantial portion of the Concessionaire's goods or equipment are destroyed or damaged by fire, windstorm, lightning, other casualty, or vandalism, to an extent that the Concessionaire cannot reasonably continue operations, the Concessionaire shall have the right to request, and upon request shall be allowed, to suspend operations for not more than 90 days within which to repair or replace its property as necessary to commence normal operations. The concession fee shall be waived during said period.

23. Every notice to the District shall be addressed to the Harbor Master, delivered at his business office in Rockport, Texas, during office hours. Every notice to Concessionaire shall be deemed delivered when delivered in hand or by mail to the Concessionaire, Concessionaire's Agent, or to any officer of Concessionaire, or to the Concessionaire's address as shown on Exhibit A.

24. Concessionaire shall pay before delinquent all ad valorem taxes, if any, assessed by or for the benefit of the District, Aransas County, or other taxing authorities on Concessionaire's personal property used in connection with the concession.

25. A. Concessionaire's rights under this Contract are not assignable without express written permission of the District, which permission may be withheld by the District with or without cause at the District's discretion.

B. Concessionaire shall obtain the District's approval, in writing, before making any material change in ownership or control of the Concessionaire, as listed in Exhibit A, which approval may be withheld at the District's discretion. Concessionaire shall notify the District of any material change in ownership or control by operation of law, as soon as Concessionaire learns that the change probably will occur, or if Concessionaire has no advance knowledge of the change, no later than the 10th day after such change has occurred. A material change in ownership or control means a change of ten percent or more of the ownership of the Concessionaire or a change in the principal officers, the directors, or a partner.

C. If Concessionaire is an entity other than in individual sole proprietor, it shall be an event of default if Concessionaire's, or Concessionaire's general partner's,

certificate of authority expires or is suspended or terminated by the State under which Concessionaire or the partner was created.

26. Concessionaire shall be liable to the District for any damages, expenses, and attorney fees caused by Concessionaire's breach of this Contract.

27. The rights and privileges granted to the Concessionaire under this Contract are in the nature of a license only. The Concessionaire is not, and shall not be deemed to be, a lessee, employee, contractor, agent, or partner, of the District. Concessionaire is solely responsible for the actions, health, and safety of the Concessionaire's employees, agents, suppliers, guests, and invitees.

28. This Contract shall be interpreted under and governed exclusively by the laws of the State of Texas, without regard to any conflict of law rules under which the laws of another state or forum might otherwise apply. Jurisdiction and venue of any action or proceeding arising from or relating to this Contract shall exclusively lie in a Texas State court of appropriate jurisdiction sitting in Aransas County.

29. This Contract constitutes the entire agreement between the District and Concessionaire relating to the subject of this Contract. This Contract is not intended, and shall not be interpreted or deemed, to waive any governmental or sovereign immunity of the District or of any official, officer, or employee of the District. All exhibits to this Contract are fully incorporated herein by reference.

ARANSAS COUNTY NAVIGATION DISTRICT

Executed this 19th day of Jan, 2021

By: Malcolm Dickson

Name:

Title: Chairman

CONCESSIONAIRE: SHARON MILLER D/B/A GOIN' COASTAL OUTFITTERS

Executed this 2 day of March, 2021

By: Sharon Miller

Name: Sharon Miller, Owner

LMC:5/2/13

APPLICATION FOR CONCESSION CONTRACT (EXHIBIT "A")

The below identified individual or company (Applicant) hereby applies for a Concessionaire License to vend or rent goods, services, or equipment on property of the Aransas County Navigation District (the District), as described herein. Applicant authorizes and gives permission to the District to request and obtain a civil, criminal, and financial background check on Applicant and all officers, directors, agents, and on-site managers identified in this Application, and to use any information obtained for the purpose of evaluating this Application and Applicant's fitness to be granted a license and to operate the business described.

DESCRIPTION OF PROPOSED BUSINESS: Concession business, t-shirts along with Rockport and Rockport Beach merchandise.

INFORMATION ABOUT CONCESSIONAIRE:

Name: Sharon Miller d/b/a Goin' Coastal Outfitters

Type of Entity [e.g., individual sole proprietor, partnership, corporation, limited liability corporation, or limited partnership]: Sole ownership

If Concessionaire is not an individual:
Name of the State in which the entity was organized
Attach a copy of the documents by which Concessionaire was organized, such as Articles of Organization, Charter, Partnership Agreement, Bylaws, or Company Agreement

Address & Phone numbers:
Principal office of Concessionaire:
Owners: Sharon Miller (361) 230-0414 103 S. Austin St. Rockport, TX 78382
Directors: Same
Officers: Same

If Concessionaire is not a sole proprietor, the following person is an Agent designated and authorized by Concessionaire to receive all notices and to act and speak for Concessionaire in all respects affecting this Contract:

Name: N/A
Address:
Telephone No.: Fax No.:
Email Address:

If different than the above named Agent, identify the person on-site and responsible for management of the premises:

CONCESSIONAIRE:

By: Sharon Miller

Name: Sharon Miller

Exhibit A

JOINT PUBLIC HEARING

Rockport City Council
and
Planning & Zoning Commission

NOTICE is hereby given that the Rockport City Council and the Planning & Zoning Commission will hold a Joint Public Hearing on Tuesday, April 27, 2021, at 6:30 p.m., at the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas, to consider a request for a Conditional Use Permit for food and retail vending, located at 210 Seabreeze Drive; also known as approximately 80.0 acres of land out of portions of the Aransas County Navigation District No.1 Rockport Beach Park and Festival Grounds property located in the city of Rockport, Aransas County, Texas and being a portion of the 102.5 acres Rockport Harbor patent, Abstract 343 and revised August 12, 1953, and recorded in Volume M3, Page 499, Deed Records of Aransas County, Texas, along with a portion of Abstract 357 dated November 6, 1953, containing 604.296 acres and recorded in Volume N-3, Page 178, Deed Records of Aransas County, Texas, with said 80.0 acres being a portion of Abstracts 343 and 357; currently zoned R-1 (1st Single Family Dwelling District).

The meeting will be held in person with social distancing guidelines and using the video conferencing application ZOOM. A temporary suspension of the Open Meetings Act to allow telephone or video conference public meetings has been granted by Governor Greg Abbott. These actions are being taken to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting and in accordance with Section 418.016 of the Texas Government Code. Video conferencing capabilities will be utilized to allow individuals to address the Planning & Zoning Commission and City Council. Members of the public can participate in the meeting remotely by using the ZOOM address that will be provided on the City Council Agenda of April 27, 2021, and posted on the City's website www.cityofrockport.com.

Due to the COVID-19 pandemic, the attorney general has said: "statutes that may be interpreted to require face-to-face interaction between members of the public and public officials are suspended; provided, however, that the governmental bodies must offer alternative methods of communicating with their public officials." Public participation is valued and citizens wishing to express their views during the Joint Public Hearing can electronically submit a Citizen Participation Form in order to register to speak by going to https://rockport.seamlessdocs.com/f/CouncilCitizenParticipation, or if attending the meeting in person register at the meeting. Using the same form, citizens can also provide written comments to the City Secretary by 4:00 p.m. on the day of the meeting. The Mayor will read the comments and they will be summarized in the minutes of the meeting.

The City encourages citizens to participate and make their views known at this Joint Public Hearing. For further information on this request, please contact the Building Department at (361) 790-1125.

POSTED the 8th day of April 2021, on the bulletin board at the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas, and on the website www.cityofrockport.com.

PUBLISHED in *The Rockport Pilot* in the Saturday, April 10, 2021, Edition, in accordance with the City of Rockport Code of Ordinances.

CITY OF ROCKPORT, TEXAS

Teresa Valdez, City Secretary

Property ID	Property Owner	Situs Address	Mailing Address	City	State	ZIP
33724	Wells Fargo Bank	511 Hwy 35 N	333 Market St 10th Floor	San Francisco	CA	94105
32559	Wells Fargo Bank	501 Hwy 35 N	333 Market St 10th Floor	San Francisco	CA	94105
49726	Hoopes Associates LTD	417 Broadway	406 E. 85th St	New York	NY	10028
33720	Jeff & Anne Hunt	409 Broadway	2204 Island Wood Rd	Austin	Tx	78733
25306	Michael & Christine Seger	29 Finisterre	1909 Albany Ave	Lubbock	Tx	79407
25307	Jeremy & Mary Fernandes	31 Finisterre	9612 Rockbrook Dr	Dallas	Tx	75220
25232	Katherine Noble	44 Blue Heron	PO Box 2339	Rockport	Tx	78382
25231	Shelley Gatlin	46 Blue Heron	46 Blue Heron	Rockport	Tx	78382
25230	Natalie Harrison	48 Blue Herron	83 Williamsburg Ln	Houston	Tx	77024
25229	Dawn & Joshua Jakubik	50 Blue Heron	303 Corbin Dr	Magnolia	Tx	77354
69904	Michael & Laura Heinrich	56 Blue Heron	223 Park Hill Dr	San Antonio	Tx	78212
69903	Michael & Kathrine Grella	60 Blue Heron	PO Box 10706	Midland	Tx	79702
25220	Chumley Revocable Trust	68 Blue Heron	300 Cliffside Dr	San Antonio	Tx	78231
25219	Chumley Revocable Trust	63 Blue Heron	300 Cliffside Dr	San Antonio	Tx	78231
25122	Lawrence & Lisa Glasgow	72 Curlew Dr	3407 Dartmouth Ave	Dallas	Tx	75205
25123	Susan Oakley	70 Curlew Dr	103 Woodmere	Victoria	Tx	77904
25221	Stephen & Lynda Powers	66 Blue Heron	66 Blue Heron Dr	Rockport	Tx	78382
25121	Gaye Tullos	74 Curlew Dr	2151 Troon Rd	Houston	Tx	77019

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 19

Deliberate and act on Memorandum of Understanding with Texas State University, through its Meadows Center and Clean Coast Texas Collaborative program, to promote and improve water quality in Aransas Bay, Copano Bay, and Little Bay.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: The proposed memorandum of understanding (MOU) is non-binding and is the same as the MOUs to be executed by Aransas County, Aransas County Navigation District, and Town of Fulton. It primarily seeks collaboration between all of the entities in the effort to promote water quality in Aransas Bay, Copano Bay, and Little Bay.

FISCAL ANALYSIS: There is no commitment of funds.

RECOMMENDATION: Staff recommends Council approve the Memorandum of Understanding with Texas State University, through its Meadows Center and Clean Coast Texas Collaborative program, to promote and improve water quality in Aransas Bay, Copano Bay, and Little Bay, as presented.

Memorandum of Understanding
Between
Texas State University
And
City of Rockport, TX

This Memorandum of Understanding (MOU) is hereby entered into by **Texas State University** (hereafter referred to as "Texas State"), a governmental body of the state whose primary place of business is located at 601 University Dr., San Marcos, TX 78666, by and through its duly authorized representative, and the **City of Rockport**, Texas, a council-manager/home rule city (hereafter referred to as "City") whose primary place of business is located at 2751 SH 35 N Bypass, Rockport, TX 78382, by and through its duly authorized Mayor. Texas State and City may be referred to herein individually as a "Party" or collectively as the "Parties."

PREAMBLE

WHEREAS, the governing bodies of each party find that the subject of this MOU is necessary for the benefit of the public and that the performance of this MOU is in the common interest of both parties; and

WHEREAS, Texas State and the City find that collaboration to identify best practices for floodplain and water pollution management in the City may have far reaching impacts on water quality throughout the Texas Coast; and

WHEREAS, Texas State and the City find that the development of an effective organizing framework to enhance cooperation and coordination among regional stakeholders is in the common interest of both parties; and

WHEREAS, Texas State's University Center called "The Meadows Center for Water and Environment" (Meadows Center) shall be the lead in the activities of Texas State; and

WHEREAS, Texas State and the City find that the efforts undertaken through this MOU will serve to fulfill the four pillars of The Meadows Center's mission of "Inspiring research and leadership that ensures clean, abundant water for the environment and all humanity"; and

WHEREAS, Texas State has a contract with Texas General Land Office titled "The Texas Coastal Collaborative - A dynamic approach to hazard mitigation, resiliency & NPS control". This MOU supports Task 4 titled "Task 4: Target Community Planning and Adoption of Texas Coastal NPS Program Priorities"; and

WHEREAS, Texas State and the City find that the Texas General Land Office, Clean Coast Texas Collaborative program shall serve as the platform for this MOU; and

WHEREAS, Texas State and the City find that efforts under this MOU shall serve to benefit the water quality in Little Bay, Copano Bay and Aransas Bay; and

WHEREAS, no direct funds are to be committed by the City or required on behalf of the City in the fulfillment of this MOU.

NOW THEREFORE, Texas State and the City, hereby mutually agree to:

I. TEXAS STATE RESPONSIBILITIES

1. Texas State, through its Meadows Center and Clean Coast Texas Collaborative, will provide services, staff, and resources to City elected officials, staff, homeowners, businesses, residents and other stakeholders to support best practices for a comprehensive suite of hydrologic and water quality improvements which may include benefits to floodplain management, stormwater management, point source and nonpoint source water pollution management.

2. Texas State, through its Meadows Center and Clean Coast Texas Collaborative, will deliver workshops, planning services, and/or presentations to the City which may include: sustainable stormwater management, water pollution management, floodplain management, regulatory and non-regulatory approaches to protect water resources, comprehensive planning/smart growth, and/or community resilience at times and locations mutually agreed to by Texas State and the City.

3. Texas State, through its Meadows Center and Clean Coast Texas Collaborative, will provide technical assistance to the City which may include: engineering strategies and/or engineering design services that address water pollution and seek sustainable stormwater management solutions.

4. Texas State, through its Meadows Center and Clean Coast Texas Collaborative, will provide assistance to the City in pursuit of strategic funding and financing services that support Clean Coast Texas goals for water pollution and sustainable stormwater management.

5. Texas State, through its Meadows Center and Clean Coast Texas Collaborative, will facilitate information sharing and new partnerships for the City that promote water pollution management education, training and management.

II. CITY RESPONSIBILITIES

1. City will share publicly available information and data with Texas State through its

Meadows Center, which will aid in the evaluation or development of future water pollution management and Clean Coast Texas Collaborative projects and programs, upon request.

2. City will respond in a timely manner to communication between Texas State through its Meadows Center and key staff members to support the development and implementation of Clean Coast Texas Collaborative projects and initiatives within the City.

3. City will facilitate opportunities for Texas State through its Meadows Center to provide Clean Coast Texas Collaborative updates/reports/actions/approvals to City Council and/or other City-sponsored committees, boards, commissions, etc. as mutually agreed to by Texas State and the City.

4. City may consider the formal adoption of all or selected sections of: GUIDANCE FOR SUSTAINABLE STORMWATER DRAINAGE ON THE TEXAS COAST (For Nonpoint Source Pollution and Flood Management).

5. City may consider new ordinance(s) or selected revisions to existing ordinance(s) that address water pollution and/or flood management while promoting the goals of both the City and Texas State through its Meadows Center and the Clean Coast Texas Collaborative.

6. City may assist Texas State through its Meadows Center in the development of grant applications and other financial strategies in support of future Clean Coast Texas Collaborative projects, programs and/or initiatives that demonstrate clear benefits to the City. Assistance from the City may include: letters of support, resolutions, project reports, financial reports, other documents, etc.

III. MISCELLANEOUS

1. Amendments. This MOU may be amended by mutual written agreement signed by the parties hereto.

2. The Parties agree that they may engage in exchanges of activities of mutual interest and benefit including but not limited to the following:
   a) sharing research project ideas and data for research purposes;
   b) sharing of tools, techniques, and methodologies developed for research purposes;
   c) undertaking specific, parallel funded research projects; and
   d) undertaking staff or student research exchange programs.

3. The Parties agree to cooperate to the extent mutually convenient in identifying potential collaborative projects of mutual benefit and in finding appropriate resources and funding for such projects.

4. Each party shall make reasonable efforts to respect the objectives of the other Party and to accommodate such objectives in the design of any collaborative project.

5. Neither Party shall be required to collaborate with the other on any specific project.

6. Relationship of Parties. Nothing contained in this MOU shall be deemed to create a partnership, joint venture, or relationship of employment between the Parties. Neither Party shall have the authority to act on behalf of the other Party, or to commit any other Party in any manner or cause whatsoever, or to use any other Party's name in any way not specifically authorized by this MOU.

7. Liability. Neither Party shall be liable for any act, omission, representation, obligation or debt of the other Party.

8. Legal Effect of MOU. Texas State and City understand and agree that this MOU constitutes only an expression of intent and shall have no legal or binding effect on the parties.

9. Information and Confidentiality

   9.1. Before commencing any research project or exchanging any data, the Parties will seek all necessary approvals for the sharing of information, complete a research agreement and, where applicable, execute a mutual non-disclosure agreement for the sharing of confidential information.

   9.2. Research agreements between the Parties will also stipulate, on a project by project basis, the terms and conditions pertaining to timelines, funding agreements, resource arrangements, intellectual property rights, copyright and the publication of research findings associated with each collaborative research project.

10. Term and Termination

   10.1 This MOU is effective upon signatures by both parties and shall terminate on August 31, 2022.

   10.2 Either party may terminate this agreement upon 30 days written notice to the other party.

   10.3 In the event of termination the Parties shall take the following steps:
   a) Any ongoing projects shall be completed or terminated in accordance with the terms and conditions stipulated in the research agreement; and,
   b) Any equipment, software, data, or materials acquired in connection with collaborative projects or activities shall be distributed between the Parties in accordance with the terms and conditions of the research agreement.

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11. Contact information

Notices and correspondence concerning this MOU shall be sent to

For Texas State:
Nick Dornak
Director of Watershed Services, The Meadows Center
601 University Dr.
San Marcos, TX 78666
Phone: 512-245-7389
Fax: 512-245-7371
nickdornak@txstate.edu

With copy to:
Dr. Reddy Venumbaka
Director, Technology Transfer & Contracts
601 University Dr., JCK 489
San Marcos, TX 78666
Phone: 512-245-4524
Fax: 512-245-3847
reddy@txstate.edu

For City of Rockport, TX:
Patrick R. Rios
Mayor
2751 SH 35 N Bypass
Rockport, TX 78382
Phone: 361-729-2213 ext 221
Fax: 361-790-5966
mayor@cityofrockport.com

With copy to:
Kevin Carruth
City Manager
2751 SH 35 N Bypass
Rockport, TX 78382
Phone: 361-729-2213 ext 253
Fax: 361-790-5966
kcarruth@cityofrockport.com

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IN WITNESS WHEREOF, the Parties hereto have executed this Memorandum of Understanding to be effective as of the Effective Date.

Texas State University	**City of Rockport, TX**
By: _____	By: _____
Dr. Walter E. Horton	Patrick R. Rios
Chief Research Officer	Mayor
Date:_____	Date: _____

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CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 20

Deliberate and act on a partial assignment and assumption agreement between Rockport Harvey Housing, LLC, and Pearl Point Phase 2, LLC, and authorizing the City Manager to negotiate and execute all necessary documents.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: Construction and leasing of phase I of the Pearl Point Apartments development by Rockport Harvey Housing is ahead of schedule and the developer wants to proceed with phase II. As a matter of financing, they want to create another corporate entity, Pearl Point Phase 2, to develop the second half of the project. Section 11 (d) of the City's agreement with Rockport Harvey Housing states that the agreement cannot be assigned to another party without the City's consent, but the City cannot unreasonably "withhold, delay, or condition the assignment". Please see the accompanying proposed partial assignment and assumption agreement and the existing agreement for more information.

FISCAL ANALYSIS: Unreasonably withholding, delaying, or conditioning the requested assignment will incur legal expenses and possible litlgation.

RECOMMENDATION: Staff recommends Council approve on a partial assignment and assumption agreement between Rockport Harvey Housing, LLC, and Pearl Point Phase 2, LLC, and authorizing the City Manager to negotiate and execute all necessary documents, as presented.

PARTIAL ASSIGNMENT AND ASSUMPTION AGREEMENT

This Partial Assignment and Assumption Agreement (the "Agreement") is entered into effective as of the last date indicated below ("Effective Date") by and among ROCKPORT HARVEY HOUSING, LLC, an Iowa limited liability company ("Assignor"), PEARL POINT PHASE 2, LLC, an Iowa limited liability company ("Assignee"), and CITY OF ROCKPORT, TEXAS, a Texas Home Rule Municipality ("City"). Any terms not defined herein shall have the meanings given them in the Economic Development Agreement (as hereinafter defined).

WHEREAS, Assignor and City executed a Chapter 380 Economic Development Agreement (the "Economic Development Agreement") that was filed with the County Clerk, Aransas County, Texas (File No. 0000366780);

WHEREAS, the Economic Development Agreement details Assignor's plans to develop the Property in two phases, Phase I and Phase II;

WHEREAS, the descriptions of Phase I and Phase II of the development are contained in the Economic Development Agreement;

WHEREAS, the Economic Development Agreement provides that it cannot be assigned without the express written consent of the other party, which shall not be unreasonably withheld, delayed, or conditioned;

WHEREAS, the Economic Development Agreement further provides that City's consent to Assignor's assignment to an entity that owns and/or operates similarly sized and quality of residential projects shall be deemed delivered if the City does not formally approve the assignment within 30 calendar days after receiving notice from Assignor;

WHEREAS, subject to the provisions contained herein, Assignor wishes to assign its rights and obligations contained in the Economic Development Agreement in regards to Phase II of the development of the Property to Assignee and Assignee wishes to assume such rights and obligations.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. **RECITALS.** The Recitals set forth at the beginning of this Agreement are deemed incorporated herein and the parties hereto represent they are true, accurate, and correct.

2. **ASSIGNMENT AND ASSUMPTION**. Effective as of the Effective Date, Assignor hereby assigns, sells, transfers and sets over (the "Assignment") to Assignee all of Assignor's right, title, benefit, privileges and interest in and to, and all of Assignor's obligations and liabilities under the Economic Development Agreement in relation to Phase II of the development of the Property that occur, accrue, or arise after the Effective Date. Assignee hereby accepts the Assignment and assumes and agrees to observe and perform all of the duties, obligations, terms, provisions and covenants, and to pay and discharge all of the liabilities of Assignor that occur, accrue, or arise after the Effective Date in connection with Phase II of the development of the Property under the Economic Development Agreement.

a. Assignee shall indemnify, defend, and hold harmless Assignor from and against any and all claims, demands, actions, causes of action, suits, proceedings,

damages, liabilities, costs and expenses of every nature whatsoever, including attorney fees, which arise from or relate to the obligations assumed by Assignee under this Agreement.

b. Assignor shall indemnify, defend, and hold harmless Assignee from and against any and all claims, demands, actions, causes of action, suits, proceedings, damages, liabilities, costs and expenses of every nature whatsoever, including attorney fees, for any obligations under the Economic Development Agreement that were not assumed by Assignee under this Agreement.

3. **CONSENT AND RELEASE**. The City consents to Assignor's assignment of rights and delegation of obligations as detailed in this Agreement and hereby irrevocably and forever releases and discharges Assignor from all of its duties and obligations occurring, accruing, or arising on or after the Effective Date with respect to Phase II of the development of the Property under the Economic Development Agreement.

4. **FURTHER ACTIONS**. Each of the parties hereto covenants and agrees, at its own expense, to execute and deliver, at the request of the another party hereto, such further instruments of transfer and assignment and to take such other action as such other party may reasonably request to more efficiently consummate the assignments and assumptions contemplated by this Agreement.

4. **GOVERNING LAW**. This Agreement shall be governed by, enforced, and interpreted in accordance with the law of the State of Texas, without giving effect to the principles thereof relating to conflicts of law.

5. **COUNTERPARTS.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. If this Agreement is executed in counterparts, no signatory hereto shall be bound until each of the parties named below has duly executed or caused to be duly executed a counterpart of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Partial Assignment and Assumption Agreement as of the date last written below.

ROCKPORT HARVEY HOUSING, LLC

_____

By: _____

Title:_____

Date:_____

STATE OF _____)

)

COUNTY OF _____)

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of **ROCKPORT HARVEY HOUSING, LLC**, and being known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said company and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ___ day of _____, 2021.

_____
Notary Public for Said State

PEARL POINT PHASE 2, LLC

_____
By: _____
Title:_____
Date:_____

STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of **PEARL POINT PHASE 2, LLC**, and being known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said company and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ___ day of _____, 2021.

_____
Notary Public for Said State

CITY OF ROCKPORT, TEXAS

_____
By: Kevin Carruth
Title: City Manager
Date: May 25, 2021

ATTEST:

_____
Title: _____
Its:_____

DRAFT

THE STATE OF TEXAS)
)
COUNTY OF ARANSAS)

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of **City of Rockport, Aransas County, Texas**, and being known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said municipality and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ___ day of _____, 2021.

_____
Notary Public for Said State

DRAFT

File No. 0000366780
County Clerk, Aransas County, Texas

CITY OF ROCKPORT, TEXAS
AND
ROCKPORT HARVEY HOUSING, LLC
CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT

This CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT (hereinafter referred to as the "Agreement") is made and entered into by and between the CITY OF ROCKPORT, TEXAS (hereinafter referred to as "City"), a Texas home rule municipality, and ROCKPORT HARVEY HOUSING LLC referred to as ("Owner"), an Iowa Limited Liability Company, for the purposes and considerations stated below:

WHEREAS, Owner has acquired 28.157 acres of real property located within the corporate boundaries of the City with a street address of 2222-2498 FM 2165, Rockport, Texas, and depicted in Exhibit "A" as Lots 1 and 2 Lot 1 Block 1 RCC/Chance J1 Subdivision (the "Property");

WHEREAS, Owner will develop a multi-family residential rental property on the Property in two phases ("Phase I and "Phase II"), with each phase located on approximately 14 acres and each with approximately the same number of residential units, site improvements and amenities (the "Project");

WHEREAS, in order to accommodate the Project, City-owned wastewater facilities must be upgraded from the existing wastewater plant to the intersection of Highway 35 Bypass and FM 2165 which will indirectly benefit and serve the Property ("Sanitary Sewer Public Infrastructure"); and

WHEREAS, Owner estimates a minimum total capital investment in Phase I and Phase II of approximately Twenty Million Dollars ($20,000,000.00), respectively; and

WHEREAS, Owner has requested City to provide Incentive Payments in order to support the Project; and

WHEREAS, City and Owner desire to enter into this Agreement pursuant to Chapter 380 of the Texas Local Government Code (hereinafter referred to as "Chapter 380"); and

File No. 0000366780
County Clerk, Aransas County, Texas

WHEREAS, City has the authority under Chapter 380 to make grants of public funds for the purposes of promoting local economic development, job creation, and stimulating business and commercial activity within the City of Rockport, Texas; and

WHEREAS, there is a significant loss of workforce housing available in the City of Rockport, Texas due to the destructive effects of Hurricane Harvey; and

WHEREAS, City and County have conducted multiple public workshops and have determined that additional replacement housing is necessary to support the workforce needed for business and commercial activity within the City of Rockport, Texas; and

WHEREAS, City has determined the Sanitary Sewer Public Infrastructure, Phase I Infrastructure, Phase I Improvements, Phase II Infrastructure and Phase II Improvements (together, referred to herein as the "Improvements") will encourage increased economic development in the City, provide significant increases in the City's property tax base post-Hurricane Harvey, improve access to housing for the workforce and improve the City's ability to provide for the health, safety, and welfare of the citizens of Rockport, Texas; and

WHEREAS, the City has considered the feasibility and the impact of the proposed grant and its economic effect and benefit; and

WHEREAS, City has concluded and hereby finds that this Agreement promotes economic development in the City of Rockport, and, as such, meets the requisites under Chapter 380 of the Texas Local Government Code and further, is in the best interests of City and Owner; and,

WHEREAS, City has concluded and hereby finds that this Agreement promotes economic development in the City, and, as such, meets the requirements of Article III, Section 52-a of the Texas Constitution by assisting in the development and diversification of the economy of the state, by eliminating unemployment or underemployment in the state, and by the development or expansion of commerce within the state.

NOW, THEREFORE, for and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby

File No 0000366780
County Clerk, Aransas County, Texas

acknowledged, City and Owner agree as follows:

SECTION 1. FINDINGS INCORPORATED.

The foregoing recitals are hereby incorporated into the body of this Agreement and shall be considered part of the mutual covenants, consideration and promises that bind the parties.

SECTION 2. TERM.

The term (the "Term") of this Agreement shall commence on the Effective Date; and, unless terminated earlier as provided herein, shall terminate the earlier of Developer receiving the tenth and final Phase II Incentive Payment or twenty (20) years from Effective Date.

SECTION 3. DEFINITIONS.

The following words shall have the following meanings when used in this Agreement.

(a) **Agreement**. The word "Agreement" means this Chapter 380 Economic Development Program Agreement, together with all exhibits and schedules attached to this Agreement from time to time, if any.

(b) **Appraisal District**. The words "Appraisal District" mean the Aransas County Appraisal District, or any successor agency.

(c) **Capital Investment.** The value of real property improvements including apartment units, site improvements, and facility amenities. Capital Investment does NOT include (i) land acquisition costs, (ii) Sanitary Sewer Public Infrastructure, and (iii) any improvements existing on the Property prior to the City Council's authorization of execution of a Chapter 380 Agreement.

(d) **Certification**. The word "Certification" means written verification performed by Owner and provided to the City in an annual report that Owner has maintained a Viable Presence.

File No. 0000366780
County Clerk, Aransas County, Texas

(e) **City**. The word "City" means the City of Rockport, Texas, a Texas Municipality whose address for the purposes of this Agreement is 2751 SH 35 Bypass, Rockport, Texas 78382.

(f) **Eligible Property**. Annual grants may be extended to the value of the Capital Investment to the Property including buildings, structures, fixed equipment, and site improvements.

(g) **Event of Default**. The words "Event of Default" mean and include any of the Events of Default set forth below in the section entitled "Events of Default".

(h) "**Improvements**" means, collectively, the Phase I Improvements, Phase II Improvements, Phase I Infrastructure, Phase II Infrastructure and Sanitary Sewer Public Infrastructure.

(i) "**Incentive Payments**" means annual payment to Owner by City for capital investment at the Property.

(j) **Local.** The word "Local" as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in Aransas County.

(k) **Market Rate Rents**. The rental income that Owner could most likely ask for the Property in the open market, indicated by current rents for comparable spaces.

(l) **Materials.** Materials is defined to include all materials used in excavation, site improvement, demolition, concrete, structural steel, fire proofing, piping, electrical, instruments, paintings and scaffolding, insulation, temporary construction facilities, supplies, equipment rental in construction, small tools, and consumables. This term does not include major items of machinery and equipment not readily available locally.

(m) **Owner**. The word "Owner" means Rockport Harvey Housing, LLC, an Iowa limited liability company, its successors and assigns, whose address for the purposes of this Agreement is 3001 Traylor Blvd, Rockport, Texas 78382.

(n) **Period of Incentive Payments.** Incentive payments shall be granted as defined in Section 5 of this Agreement. Incentive payments will be made for ten (10) years for each Phase; or until the maximum amount is achieved, whichever occurs first.

(o) **Phase I Completion Date**. The words "Phase I Completion Date" means the date by which the Class A Market Rate apartment complex, Phase I Improvements, shall be required to receive a Certificate of Occupancy, in order to receive ad valorem equivalent incentives; that date being 30 months from the Effective Date.

(p) **Phase II Completion Date**. The words "Phase II Completion Date" means the date by which the Class A Market Rate apartment complex, Phase II Improvements, shall be required to receive a Certificate of Occupancy in order to receive ad valorem equivalent incentives; that date being 42 months from the Phase I Completion Date.

(q) **Phase I Improvements.** The words "Phase I Improvements" means improvements to the Phase I Property including: i) a 216 unit Class A Market Rate apartment complex with a unit mix of 96 one bedroom, 114 two bedroom, and 6 three bedroom apartments; ii) apartment amenities including an approximately 6,000 square foot clubhouse with a community room, post office drop-off, on-site management, balconies in each unit, and limited number of garages and storage units; iii) site amenities including swimming pool, gated community with perimeter fence, dog/pet park, and greenspace as depicted in Exhibit "B" Site Plan; iv) building elevations as depicted in Exhibit "C"; and v) Phase I Infrastructure as depicted in Exhibit "D."

(r) **Phase II Improvements.** The words "Phase II Improvements" means improvements to the Property, constituting a Class A Market Rate apartment complex with substantially the same number of units as, or more units than, the Phase I Improvements, as depicted in Exhibits B, C and D.

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(s) **Phase I Infrastructure**. The words "Phase I Infrastructure" means all water, sewer, gas, electric, fiber, street, sidewalk, and drainage improvements on the Property as depicted and described on the approved Site Plan, except for the Sanitary Sewer Public Infrastructure.

(t) **Phase II Infrastructure**. The words "Phase II Infrastructure" means improvements to the Property, which shall be substantially the same as the improvements defined as Phase I Infrastructure.

(u) **Project**. The word Project shall mean the completed Phase I and Phase II Improvements.

(v) **Property.** The word "Property" shall mean a combination of Phase I Property and Phase II Property and located at 2222-2498 FM 2165, Rockport, Texas and depicted in Exhibit "A", preliminary plat as Lots 1 and 2. The legal description of Phase I Property is Lot 1 Block 1 RCC/Chance J1 Subdivision as shown on the preliminary plat being 13.379 acres and the legal description for Phase II Property is Lot 2 Block 1 RCC/Chance J1 Subdivision as shown on the preliminary plat being 14.418 acres.

(w) **Sanitary Sewer Public Infrastructure.** The words "Sanitary Sewer Public Infrastructure" means wastewater improvements currently being designed for the City by Urban Engineering, including a 16" force main wastewater line and lift station necessary to serve the Project, beginning at the wastewater treatment plant located at 1230 North Gagon Street, Rockport Texas, running along the west side of FM 2165 for approximately 4500 linear feet, and terminating at the point shown on Exhibit "E".

(x) **Viable Presence**. The words "Viable Presence" mean the operation of the Facility by Owner or by a third-party property leasing and management company with expertise and experience with properties of the size and design as the Project, as the same may from time to time be expanded, upgraded, improved, modified and changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered, over the term of this Agreement.

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SECTION 4. OBLIGATION OF OWNER.

Owner covenants and agrees with City that, while this agreement is in effect, it shall comply with the following terms and conditions:

(a) **Capital Investment** Owner shall construct the Phase I Improvements and Infrastructure and Phase II Improvements and Infrastructure, with a total minimum capital investment of $20,000,000 per Phase, respectively ("Capital Investment"). On a quarterly basis during the construction of Phase I Improvements and Phase II Improvements, Owner shall submit a written report detailing the total amount expended by Owner in building, finishing out, furnishing and equipping the Owner as of the date of any such report. Owner shall supplement the report with paid invoices and other documentation requested by City that is reasonably necessary to verify the Capital Investment requirements were achieved.

(b) **Construction Timeline.** All construction shall meet the following deadlines:

1) Phase I Improvements. Construction of Phase I Improvements shall commence no later than 90 days after the Effective Date ("Phase I Commencement of Construction") and shall be completed on or before the Phase I Completion Date. For the purposes of this Agreement construction of the improvements shall not be considered completed until a Certificate of Occupancy has been issued for the Phase I Improvements herein defined. Notwithstanding the foregoing, in the event Owner has not received all permits and approvals required for Phase I Commencement of Construction by the 60th day following the Effective Date, the Phase I Commencement of Construction shall extend one calendar date for each additional day it takes to secure all said permits and approvals.

2) Phase II Improvements. Construction of Phase II Improvements shall commence no later than 18 months after the Phase I Completion Date ("Phase II Commencement of Construction"), and shall be completed on or before the Phase II Completion Date. For the purposes of this Agreement construction

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of the improvements shall not be considered completed until a Certificate of Occupancy has been issued for the entire Phase II Improvements as defined herein. Notwithstanding the foregoing, in the event Owner has not received all permits and approvals required for Phase II Commencement of Construction by the 60th day following the Owner's submission of a Phase II Improvements permit application to City, the Phase II Commencement of Construction shall extend one calendar date for each additional day it takes to secure all said permits and approvals.

(c) **Operation of the Project**. Owner shall, either directly or indirectly through a professional property leasing and maintenance company, continuously operate each phase of the Project as a market rate apartment complex in full compliance with applicable state statutes and local regulations; and, at no time during the term of this Agreement shall any units within either the Phase I or the Phase II apartment complexes be made available for rent under the U. S. Department of Housing and Urban Development's "Housing Choice" voucher program or other federal or state rent subsidy program.

(d) **Payment of Ad Valorem Taxes**. Owner covenants and agrees that all ad valorem taxes shall be paid prior to the delinquency date of each tax year on the Property, unless being protested in accordance with Texas law. In the event of a protest, ad valorem taxes from the previous year shall be paid as a good faith gesture of the obligation to pay ad valorem taxes herein. In no case may Owner request tax abatement of any local taxing authority during the term of this Agreement.

(e) **Compliance with City Ordinances.** Owner covenants and agrees to comply with all City ordinances, and in the event Owner is found to be in violation of a City ordinance, Owner agrees to take all necessary actions to comply with City ordinances within 30 days of notice of non-compliance; however, this provision shall not be construed to limit City's police power authority to take immediate action against Owner for any violation of municipal ordinances. Applications for development permits must comply with the terms of this Agreement prior to permit issuance.

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(f) **Sales Tax Sourcing**. To the extent allowed by law under the Texas "origination-based" sales tax collection procedure, Owner will pay the sales tax in the city in which the seller is located rather than City's sales tax. Owner shall cooperate with City, in all respects including but not limited to all actions necessary to establish, monitor, and report sales tax that is sourced to the City to allow City to dedicate sales tax generated by the Project to fund Sanitary Sewer Public Infrastructure.

(g) **Buy Local - Goods and Services**. Following completion of construction of each Phase of the Project when individual rental units are leased to the general public, Owner agrees to give preference and priority to local manufacturers, suppliers, contractors and labor, except where not reasonably possible to do so at comparable terms, or would result in substantial inconvenience or a sacrifice in operating efficiency. Comparable terms shall mean a price that is less than or equal to 10% of the price of non-Aransas County individuals or businesses. In any such exception cases involving purchases over $10,000.00 a justification for purchase shall be included in the annual report. Owner shall further acknowledge that it is a legal and moral obligation of persons receiving grants to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. For the purposes of this provision, the term "local" as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in Aransas County. In the event of a breach of the buy local provision, the grant payment shall be proportionally reduced equal to the amount the disqualified contract bears to the total construction cost for the project.

(h) **Employees**. Owner will take reasonable steps to employ or have employed residents of Aransas County, provided that such residents have the required skills and experience and are available at the competitive wage or salary, as applicable.

(i) **Local Coordinator.** Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as a liaison between any individuals, businesses, and contractors residing or doing business in Aransas County who are interested in obtaining information about providing goods or services related to the

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construction of the Improvements. The Local Coordinator shall also be responsible for all activities and documentation related to Sales Tax Sourcing, with support from Owner's general office staff. Additionally, Owner or its construction contractor, if any, shall advertise in a local newspaper in Aransas County for local contractors to perform work on the construction.

(j) **Viable Presence.** Owner covenants and agrees to maintain a Viable Presence on the Property for the period commencing with the commercial operations following construction of each Phase and ending with the term of this Agreement.

(k) **Performance.** Owner covenants and agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement and in all other instruments and agreements between Owner and City, and any related agreements between Owner and City.

(l) **Enforcement.** Enforcement of this section is subject to Force Majeure. In the event of unforeseeable third-party delays, which are not Force Majeure, and upon a reasonable showing by Owner that it has in good faith commenced and is diligently pursuing the correction, removal or abatement of such delays by using commercially reasonable efforts, the City of Rockport City Council may consent to and excuse any such delays.

(m) **Construction of Sanitary Sewer Public Infrastructure**. City and Owner agree Owner shall construct the Sanitary Sewer Public Infrastructure (sometimes referred herein as the "Work") in accordance with the terms stated below.

1) Owner's Obligations.

A. **Location**. Owner agrees to construct the Sanitary Sewer Public Infrastructure at such location within the City as shown on the Construction Plans.

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B. **Construction Plans**. Owner agrees to construct the Sanitary Sewer Public Infrastructure in accordance with plans provided by the City. The City has engaged Urban Engineering as its consulting engineer tasks with the design of this work. Upon approval of the construction plans by the City Engineer Owner may commence with construction in accordance with the construction plans. No change in the construction plans shall be made by Owner without the prior written consent of the City Engineer. The entire cost of the construction of the Sanitary Sewer Public Infrastructure shall be the responsibility and obligation of the City.

C. **Cost of the Work**. Owner acknowledges that City intends to fund payment for the work by grant and or loan agreement with USDA; and, that USDA shall impose strict conditions on the City in connection with the funding of a grant or loan. The City estimates the cost of the Work to be approximately $430,000.00. However, the Parties acknowledge that competitive bids for the Work have not been secured as of the Effective Date and that the actual cost of the Work may be more or less than the City's estimate. Owner acknowledges that he is obligated to familiarize himself with the location, the work, and the cost of the work to be performed. Moreover, Owner shall comply with all requirements that the USDA imposes as a condition to funding of a grant or loan. Owner shall provide and City shall approve, a lump sum, not to exceed budget for the Work ("Cost of the Work"). Bids for the work shall be solicited, and the construction contract awarded, in accordance with sub-section D, immediately below. Owner shall not commence the Work until City issues a written notice to proceed to Owner following its receipt and approval of the Cost of the Work.

D. **Contracts for Construction**. Owner agrees to competitively bid the work in accordance with the lender's requirements; or, if required by USDA, in conjunction with the City, cause the request for bids be solicited by, and the construction contract be awarded by, the City. The contractor selected to perform the work shall be the lowest qualified bidder ready willing and able

to construct the Sanitary Sewer Public Infrastructure in accordance with the approved plans and specifications,. The City Engineer shall review all contract documents and costs estimates, and shall approve the contractor prior to the award of the contract. The City Attorney shall, prior to publication review all bid documents, and, prior to award review all contract documents for compliance with USDA's grant or lending requirements. However, in the event that before July 1, 2019 said grant or loan is not secured, or is secured in an amount less than the Cost of the Work, Owner shall pay the unfunded amount subject to Section 4(m)(2)(B).

E. **Performance, Payment and Maintenance Bonds**. Owner shall post within the City faithful performance, payment, and maintenance bonds for construction of the Sanitary Sewer Public Infrastructure to ensure completion of the project. The bonds must be executed by a corporate surety in accordance with Chapter 2253, Texas Government Code. If required for the performance Bond to be enforceable by the City, Owner and City shall amend this agreement to include the terms of the City's standard construction contract or to include such other terms as required by Bonding Company.

F. **Commencement Date and Completion Date.** The work shall start on or before August 1, 2019, and be completed on or before February 1, 2020. Completion of the work means final inspection and approval by the City Engineer and acceptance of the work by the City, subject to the Owner's obligations under the terms of the maintenance bond.

G. **Inspection**. The City Engineer or his designee shall periodically inspect the construction of the Sanitary Sewer Public Infrastructure in the same manner, and shall possess the same authority, as is provided during the construction of subdivision public infrastructure pursuant to the City of Rockport Subdivision Regulations.

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H. **Insurance**. The Contractor awarded the contract to construct the Improvements shall be required to carry Worker's Compensation Insurance on his employees and public liability and property damage insurance on his equipment and employees. The public liability insurance shall be not less than five hundred thousand dollars ($500,000.00) per person and one million dollars ($1,000,000.00) per occurrence, with property damage insurance of not less than five hundred thousand dollars ($500,000.00). In addition, the City shall be furnished with Certificates of Insurance and shall be named an additional named insured on such Certificates, and the City shall be notified within ten calendar days of any cancellation of such insurance. The insurance required by this Agreement shall be written by non-assessable insurance company licensed to do business in the State of Texas and currently rated "B+" or better by the A.M. Best Companies. All policies shall be written on a "per occurrence basis" and not a "claims made" form.

I. **Accounting**. Owner shall submit to City a complete accounting of all costs incurred by Owner in the construction of the Sanitary Sewer Public Infrastructure. City will not contribute or pay for any costs incurred by Owner which was not approved by City prior to it being incurred. Owner shall maintain the accounting on this project for a period of two (2) years from the date of acceptance by the City, and the City may inspect the Owner's books and records related to the project at any time with reasonable notice.

J. **Compliance with Grant and Loan Provisions**. The Parties acknowledge that the City contemplates that payment for this work shall be had through a grant or loan ("funding") from the United Stated Department of Agriculture ("USDA"). Notwithstanding any terms herein to the contrary, Owner covenants and agrees to comply with all terms and conditions of the contemplated grant and or loan agreement; and shall promptly provide City with any and all documentation required pursuant to the terms of the grant

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and or loan, including but not limited to federal audit requirements.

K. **As Builts**. Within 30 days after the completion of the word and acceptance by the City, the Owner shall provide the City with a complete set of "as built" construction plans for the work.

L. **Indemnity.** Owner agrees to defend, indemnify and hold harmless the City of Rockport and each of its officers, directors, agents and employees ("Rockport Indemnities") from and against any loss, liability, cost, or expense (including reasonable attorney's fees, expert fees and court costs) which a Rockport Indemnitee may sustain or incur if, and to the extent that, such loss, liability, cost, or expense is caused by the negligence, gross negligence or willful misconduct of Owner, its officers, directors, agents, or employees in Owner's performance of the work, or to the extent that the loss, liability, cost or expense results from a claim by any taxing authority or by any employee of Owner that the parties' relationship (or the relationship of Owner and any employee of Consultant) is an employee-employer relationship rather than an independent contractor relationship.

2) City's Obligations.

A. **Construction Plans**. Subject to Force Majeure, City shall provide Owner with a complete set of construction plans for the Work that have been approved by all relevant government agencies ("City's Approved Plans") on or before May 1, 2019 (City's Delivery Deadline"). If City fails to deliver City's Approved Plans by City's Delivery Deadline, for whatever reason, Owner's Commencement Date and Completion Date for the Work defined in Section 4(m)(1)(F) shall extend one calendar date for each day City is late delivering City's Approved Plans.

B. **Funding**. With the understanding the City has not made provision to pay this obligation with current revenues nor has any order, resolution, tax or interest and sinking funds been set, adopted or established for payment of

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this Obligation City intends to pay for the Work. City anticipates paying for the Cost of the Work with a grant or loan from the US Department of Agriculture. However, in the event that before July 1, 2019 said grant or loan is not secured, or is secured in an amount less than the Cost of the Work, Owner shall pay the unfunded Cost of the Work and City commits to place the funding of the Work on the first available agenda of City Council through a pro rata agreement that will cause any development permitted after the Effective Date that uses the Sanitary Sewer Public Infrastructure to pay a fee that will be dedicated to refunding Owner for the amount it paid to fund the Cost of the Work, less Owner's pro rata share in accordance with Section 102-14 of the City of Rockport's Code of Ordinances. Owner and City agree to execute documents necessary for Owner to dedicate the Work to the City following completion of construction.

C. **Inspections**. City shall timely make progress and final inspection of the work.

D. **Acceptance**. City shall accept the work for public maintenance and use within 30 days of the City Engineer's final inspection confirming the work was completed in accordance with the Construction Plans and the maintenance bond is effective.

E. **Progress Payments.** City shall make progress payments within 20 days of request by Owner subject to the following: (i) no more than one progress payment request may be made in any 30 day period; (ii) the City Engineer's inspection and confirmation the work conforms with the Construction Plans and the City of Rockport's Subdivision Regulations; and (iii) the City Engineer's verification of costs. In the event City disputes a payment request, City shall notify Owner in writing of such dispute within the same period prescribed for payment.

F. **Final Payment**. City shall retain an amount equal to 10% of the costs of the work and shall release same within 20 days of the latter of the events that follow: (i) the work must be accepted by the City for public maintenance and use; (ii) the maintenance bond must be in place; and (iii) the as built plans must have been received and approved by the City Engineer.

G. **Use of Public Rights of Way**. The City authorizes Developer to utilize pubic rights of way in accordance with the requirements of the City of Rockport's Rights of Way Management Regulations.

SECTION 5. OBLIGATION OF CITY.

City covenants and agrees with Owner that, while this Agreement is in effect, it shall comply with the following terms and conditions:

(a) **Sanitary Sewer Public Infrastructure**. City agrees to design and fund the Sanitary Sewer Public Infrastructure as stated in Section 4(m).

(b) **Ad Valorem Equivalent Incentive Payment**. City shall provide to Owner an incentive payment per year for Owner's Capital Investment (each, an "Ad Valorem Equivalent Incentive Payment"). The City shall establish a separate account or subaccount in which ad valorem taxes generated by the real property and paid by owner shall be deposited. To the extent that Owner has made ad valorem tax payments so that funds are available in the special account or subaccount incentives shall be as follows:

1) Phase I Ad Valorem Equivalent Incentive Payment. The maximum amount Owner may receive under the Phase I Ad Valorem Equivalent Incentive Payment is $497,159.00. Provided a Certificate of Occupancy is obtained for the Phase I residential units on or before the Phase I Completion Date, City shall pay to Owner Ad Valorem Equivalent Phase I Incentive Payments, until the maximum amount is achieved or for ten years, whichever occurs first, for the years and in the amounts

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as follows:

Assessed Year	Annual Amount of Ad Valorem Equivalent Incentive Payment
1	100 % of ad valorem taxes paid on real property
2	90% of ad valorem taxes paid on real property
3	80% of ad valorem taxes paid on real property
4	70% of ad valorem taxes paid on real property
5	60% of ad valorem taxes paid on real property
6	50% of ad valorem taxes paid on real property
7	40% of ad valorem taxes paid on real property
8	30% of ad valorem taxes paid on real property
9	20% of ad valorem taxes paid on real property
10	10% of ad valorem taxes paid on real property

Note: Subject to the penalties in Section 9 for "Failure to Commence Operations During Term of Agreement", "Assessed Year 1" shall be the assessment year immediately following the year in which the Certificate of Occupancy is obtained.

2) Phase II Ad Valorem Equivalent Incentive Payment. The maximum amount Owner may receive under the Phase II Ad Valorem Equivalent Incentive Payment is $497,159.00. Provided a Certificate of Occupancy is obtained for the Phase II residential units on or before the Phase II Completion Date, City shall pay to Owner Phase II Ad Valorem Equivalent Incentive Payments, until the maximum amount is achieved or for ten years, whichever occurs first, for the years and in the amounts as follows:

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Assessment Year	Annual Amount of Ad Valorem Equivalent Incentive Payment
1	100% of ad valorem taxes paid on real property
2	90% of ad valorem taxes paid on real property
3	80% of ad valorem taxes paid on real property
4	70% of ad valorem taxes paid on real property
5	60% of ad valorem taxes paid on real property
6	50% of ad valorem taxes paid on real property
7	40% of ad valorem taxes paid on real property
8	30% of ad valorem taxes paid on real property
9	20% of ad valorem taxes paid on real property
10	10% of ad valorem taxes paid on real property

Note: Subject to the penalties in Section 9 for "Failure to Commence Operations During Term of Agreement", "Assessed Year 1" shall be the assessment year immediately following the year in which the Certificate of Occupancy is obtained.

(c) **Intentionally Deleted.**

(d) **Performance**. City agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement and in all other instruments and agreements between City and Owner and any related agreement between City and Owner.

(e) **Enforcement.** Enforcement of this section is subject to Force Majeure.

SECTION 6. ADMINISTRATION

(a) **Annual Assessment.** The Aransas County Appraisal District shall annually determine an assessment of the real property subject to this Agreement. Each year, Owner shall furnish the Appraisal District with such information as may be necessary for the incentive payment. Once value has been established, the Appraisal District shall notify City of the value, City shall calculate the incentive payment based upon

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Section 5(b), and make such payment to Owner within 30 days of City's receipt of ad valorem revenue from the Property.

(b) **Access to Property**. The City Manager and/or his designee will have access to the Property during the term of this Agreement to inspect the Property to determine if the terms and conditions of this Agreement are being met. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Improvements. All inspections will be made with one or more representatives of Owner and in accordance with its safety standards.

(c) **Annual Evaluation**. Upon completion of construction, City and or County collectively shall annually evaluate the Property and Improvements to ensure compliance with this Agreement and report possible violations of this Agreement.

(f) **Annual Reports**. Owner shall provide the following annual reports and Certifications:

1) Owner shall Certify to City on or before April 1 each year that Owner is in compliance with each applicable term of this Agreement.

2) Owner shall Certify that Owner has maintained a Viable Presence.

3) Owner shall submit all documentation necessary to confirm amount of Sales Tax Sourcing for each year reimbursement occurs.

4) Owner shall submit "Buy Local" reports. The following information shall be reported to City on a calendar-year basis during the first 30 months of this Agreement.

   i. Dollar amount spent for Materials (local); and
   ii. Dollar amount spent for Materials (total); and
   iii. Any exceptions as provided for in Section 4(j).

SECTION 7. EVENTS OF DEFAULT.

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Subject to the defaulting party's right to cure, as provided in Section 8, each of the following shall constitute an Event of Default under this Agreement:

(a) **Capital Investment**. Failure of Owner to meet the Capital Investment requirement consistent with Section 4(a).

(b) **Construction of Improvements and Infrastructure**. Failure of Owner to complete construction of Improvements and Infrastructure consistent with Section 4(b).

(c) **Continuous Operation of the Project**. Failure of Owner to manage the property, as a market rate apartment complex, as required in Section 4(c).

(d) **Payment of Ad Valorem Taxes**. Failure to pay all ad valorem taxes as provided in Section 4 (d).

(e) **Compliance with City Ordinances**. Failure to comply with City ordinances as provided in Section 4(e).

(f) **Sales Tax Sourcing**. Failure of Owner to provide Sales Tax Sourcing as provided in Section 4(f).

(g) **False Statements**. Any written warranty or representation made or furnished to the receiving party under this Agreement or any document(s) related hereto furnished to the receiving party is/are false or misleading in any material respect, either now or at the time made or furnished.

(h) **Insolvency**. The dissolution or termination of Owner's existence as an on-going business or concern, Owner's insolvency, appointment of receiver for any part of Owner's Property, any assignment of all or substantially all of the assets of Owner for the benefit of creditors of Owner, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Owner unless, in the case of involuntary proceedings, such proceedings are discharged within sixty (60) days after filing.

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(i) **Viable Presence.** Failure of Owner to maintain a Viable Presence on the Property as provided in Section 4(j).

SECTION 8. RIGHT TO CURE; AUTOMATIC TERMINATION

(a) **Cure Period**. In the event either party defaults under this Agreement (and such default remains uncured as set forth below), the non-defaulting party may terminate this Agreement; provided that the non-defaulting party must first give the other party notice of any alleged event of default, and the opportunity for thirty (30) days after such notice is received to cure such default. Should said default remain uncured as of the last day of the applicable cure period and the non-defaulting party is not otherwise in default, the non-defaulting party shall have the right to immediately terminate this Agreement. Notwithstanding the foregoing, if a cure cannot be completed within the Cure Period but the defaulting Party has commenced a cure, then the Cure Period shall be extended for a commercially reasonable time to allow the cure to be completed.

(b) **Automatic Termination.** Notwithstanding the foregoing, this Agreement shall automatically terminate on or as of the date of any of the following events occur: the filing of a petition in Bankruptcy by Owner; or the making by the Owner of an assignment for the benefit of creditors; or if any involuntary petition in bankruptcy or petition for an arrangement pursuant to the federal bankruptcy code is filed against Owner; or if a receiver is appointed for the business of Owner. In the event of such termination of this Agreement City shall have no further obligation to pay incentives under this Agreement; and, all incentive payments previously paid by City by virtue of the Agreement shall be recaptured and paid within 60 days of termination.

SECTION 9. RECAPTURE AND EFFECT OF NON-CURED DEFAULT

(a) **Failure to Commence Operations During Term of Agreement**.

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1. **Phase I.**

A. **Completion Date.** In the event that operations of Phase I are not completed on or before the Phase I Completion Date, Developer shall not receive a Phase I Incentive Payment for year one and the total number of years for Phase I Incentives shall be reduced to nine years. In the event that operations of Phase I is not completed within 365 days after the Phase I Completion Date Developer shall not receive any Phase I Incentive Payments and the City shall be fully discharged from any obligation to provide Phase I Incentive Payments.

B. **Capital Investment.** In the event Phase I does not begin operation with the minimum of $20,000,000.00 capital investment the amount of the Phase I Incentive Payment shall be reduced by the same percentage as the actual capital investment amount is less than the required minimum of $20,000,000.00. For example, should the actual capital investment be $10,000,000.00 the Phase I Incentive Payments shall be decreased by 50%. This reduction shall apply for the entire 10 year term of the Incentive Payments.

2. **Phase II.**

A. **Completion Date.** In the event that operations of Phase II is not completed on or before the Phase II Completion Date Developer shall not receive a Phase II Incentive Payment for year one and the total number of years for Phase II Incentives shall be reduced to nine years. In the event that operations of Phase II is not completed within 365 days after the Phase II Completion Date, Developer shall not receive any Phase II Incentive Payments and the City shall be fully discharged from any obligation to provide Phase II Incentive Payments.

B. **Capital Investment.** In the event that Phase II does not begin operation

with the minimum of $20,000,000.00 capital investment the amount of the Phase II Incentive Payment shall be reduced by equal percentage as the actual capital investment amount is less than the required minimum of $20,000,000.00. For example, should the actual capital investment be $10,000,000.00 the Phase II Incentive Payments shall be decreased by 50%. This reduction shall apply for the entire 10 year term of the Incentive Payments.

(b) **Failure to Maintain Viable Presence.** As its sole and exclusive remedy for Owner's failure to Maintain Viable Presence, City shall be entitled to cancel this Agreement pursuant to the provisions hereof.

(c) **Discontinuance of Operations During Term of Agreement.** In the event that each Phase of the Project is completed and operation is begun with the required capital investment but operations, as a market rate apartment complex, as required by Section 4(c), are subsequently discontinued during any four (4) consecutive weeks during the term of this Agreement, for any reason except on a temporary basis due to fire, explosion, or other casualty, accident, natural disaster or force majeure, this Agreement may be terminated by the City; and all Phase I and Phase II Phase I Ad Valorem Equivalent Incentive Payment paid by City shall be repaid by Owner to City within 30 days of City's written demand for such repayment.

(d) **Delinquent Taxes**. In the event that Owner allows its ad valorem taxes to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, this Agreement shall terminate and so shall the grant for the tax year of delinquency. The total taxes assessed without grant, for that tax year shall be paid within 60 days from the date of termination.

SECTION 10. TERMINATION OF AGREEMENT BY CITY WITHOUT DEFAULT

(a) City may terminate this Agreement without an event of default by Owner and effective immediately if any state or federal statute regulation, case law or other law renders this Agreement ineffectual or illegal including case law holding that a

Chapter 380 Economic Development Agreement providing for the incentives provided herein is an unconstitutional debt.

(b) Termination of this Agreement by City under this Section of the Agreement shall render this Agreement null and void from that point forward with each party having no further rights against each other under this Agreement or at law.

SECTION 11. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Agreement:

(a) **Additional Instruments and Mutual Assistance**. City and Owner will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out such terms and provisions.

(b) **Amendments.** This agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this agreement shall be effective unless given in writing and signed by duly authorized representatives of City and Owner.

(c) **Applicable Law and Venue**. This Agreement shall be governed by and construed in accordance with the laws of the state of Texas and all obligations for the parties created hereunder are performable in the City of Rockport, Texas. Venue for any action arising under this Agreement shall lie in the state district courts of Aransas County, Texas.

(d) **Assignment**. This Agreement may not be assigned without the express written consent of the other party, nor may either party unreasonably withhold, delay or condition said assignment. Notwithstanding the foregoing, the Parties acknowledge that, after obtaining a Certificate of Occupancy for both Phases, Owner intends to sell both Phases of the Project and the provisions of this Agreement will survive any such sale; provided any such sale is to an entity that owns and/or operates similarly sized and quality of residential rental projects, they agree, in writing, to perform Owner's

obligations under this Agreement, then City agrees to approve said sale within 30 days of receiving notice of sale and required documentation from Owner. If City does not formally approve said sale within 30 calendar days after receiving notice of sale from Owner, City's consent will be deemed to have been delivered.

(e) **Binding Obligation**. Binding Obligation. This Agreement shall become a binding obligation on the signatories upon execution by all signatories hereto. The City warrants and represents that the individual executing this Agreement on behalf of the City has full authority to execute this Agreement and bind the City to the same. Owner warrants and represents that the individual executing this Agreement on its behalf has full authority to execute this Agreement and bind it to the same, as provided below:

Owner has authorized either of the managers to execute this Agreement on its behalf, as evidenced by Resolution 2019-1, dated February 7, 2019, and attached hereto as Exhibit "F".

Owner has provided the following: Certificate of Formation certified by the Secretary of State of the State of Iowa (the "Secretary of State"); and Certificate of Existence issued by the Secretary of State; and Certificate of Franchise Tax Account Status issued by the Comptroller of Public Accounts of the State of Texas (the "Comptroller"), which are attached hereto as Exhibit "G".

(f) **Caption Headings**. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of the Agreement.

(t) **Counterparts**. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute one and the same document.

(g) **Effective Date**. The effective date (the "Effective Date") of this Agreement shall be the date of the later to execute this Agreement by Owner and City.

(h) **Enforcement**. The City Attorney or his or her designee may enforce all legal rights

File No. 0000366780
County Clerk, Aransas County, Texas

and obligations under this Agreement without further authorization. Owner shall provide to the City Attorney all documents and records that the City Attorney requests to assist in determining Owner's compliance with this Agreement.

(i) **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the Parties that, in any manner, relates to the subject matter of this Agreement, except as provided for in any Exhibits attached hereto or duly approved amendments to this Agreement, as approved by the City Council of the City of Rockport, Texas.

(j) **Exhibits and Attachments**. All Exhibits and Attachments referenced in this Agreement are attached hereto and incorporated herein for all purposes.

(k) **Force Majeure**. It is expressly understood and agreed by the parties to this Agreement that if the performance of any obligations hereunder is delayed by reason of war, civil commotion, acts of God, inclement weather, fire or other casualty or court injunction the party so obligated or permitted shall be excused from doing or performing the same during such period of delay so that the time period applicable to such obligation or requirement shall be extended for a period of time equal to the period such party was delayed.

(l) **Governmental Records.** All invoices, records and other documents required for submission to City pursuant to the terms of this Agreement are Governmental Records for the purposes of Texas Penal Code Section 37.10.

(m) **Headings**. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

(n) **Notices.** Any notice or other communication required or permitted by this Agreement (hereinafter referred to as the "Notice") is effective when in writing and (i) personally delivered either by facsimile (with electronic information and a mailed copy to follow)

File No. 0000366780
County Clerk, Aransas County, Texas

or by hand or (ii) three (3) days after notice is deposited with the U.S. Postal Services postage prepaid certified with return receipt requested and addressed as follows:

If to Owner: Rockport Harvey Housing LLC
Attention: John Frew
3001 Traylor Blvd
Rockport, Texas 78382

If to City: City of Rockport, Texas
Attention: City Manager
2751 State Highway 35 Bypass
Rockport, Texas 78382

(o) **Ordinance Applicability**. The signatories hereto shall be subject to all ordinances of the City, whether now existing or in the future arising; provided, however, no ordinance shall reduce or diminish the contractual obligations contained herein. This Agreement shall confer no vested rights on the Development unless specifically enumerated herein.

(p) **Prohibition against boycotting Israel**. To the extent required under Texas Government Code Section 808 Owner affirms it does not boycott Israel, and that during the term of this Agreement shall not Boycott Israel as that term is defined in the Texas Government Code Section 808.001. In the event that City discovers that Owner violated Texas Government Code Section 808.001, during the Term of this Agreement City shall have the unilateral right to void the Agreement ab initio.

(q) **Severability**. The provisions of this Agreement are severable. In the event any provision of this Agreement is illegal, invalid, or unenforceable under the present or future laws, then, and in that event, it is the intention of the Parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the Parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable a provision be added to this Agreement which is legal, valid and enforceability and is a similar in terms as possible to the provision

File No. 0000366780
County Clerk, Aransas County, Texas

found to be illegal, invalid or unenforceable.

(r) **Governmental Powers: Waiver of Immunity**. By execution of this Agreement the City does not waive or surrender any of its governmental powers immunities or rights except as specifically waived pursuant to this section.

(s) **Time is of the Essence**. Time is of the essence in the performance of this Agreement.

(t) **Undocumented Workers**. Owner certifies that Owner does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code as amended. If, during the term of this Agreement, Owner is convicted of a violation under 8 U.SC. § 1324a(f) Owner shall repay the amount of the public subsidy provided under this Agreement plus interest at the rate of the prime rate plus two percent (2%) per annum not later than the 120th day after the date the City notifies of the violation.

(u) **Waivers**. No failure or delay of a Party in the exercise of any right given to such Party hereunder or by law shall constitute a waiver thereof, nor shall any single or partial exercise of any such right preclude other further exercise thereof or of any other right. The waiver by a Party of any breach of any provision hereof shall not be deemed to be a waiver of any subsequent breach thereof or of any breach of any other provision hereof.

CITY:
City of Rockport
A Texas Home Rule Municipality

Dated: 1/31/2019

Patrick R. Rios, Mayor

ATTEST:

Teresa Valdez, City Secretary

APPROVED AS TO LEGAL FORM:
Terry Baiamonte, City Attorney

File No. 0000366780
County Clerk, Aransas County, Texas

ROCKPORT HARVEY HOUSING, LLC

Dated: 2-13-19

John Frew Co-Manager

THE STATE OF TEXAS §
§
COUNTY OF ARANSAS §

BEFORE ME, the undersigned authority, on this day personally appeared **Patrick R. Rios,** Mayor, City of Rockport, Aransas County, Texas, and being known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said municipality, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 11th day of February 2019.

[seal] TERESA VALDEZ
Notary Public, State of Texas
Comm. Expires 01-12-2023
Notary ID 11438330

Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF ARANSAS §

BEFORE ME, the undersigned authority, on this day personally appeared **John Frew,** Co-Manager of Rockport Harvey Housing, LLC, Aransas County, Texas, and being known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said company, and in the capacity therein stated.

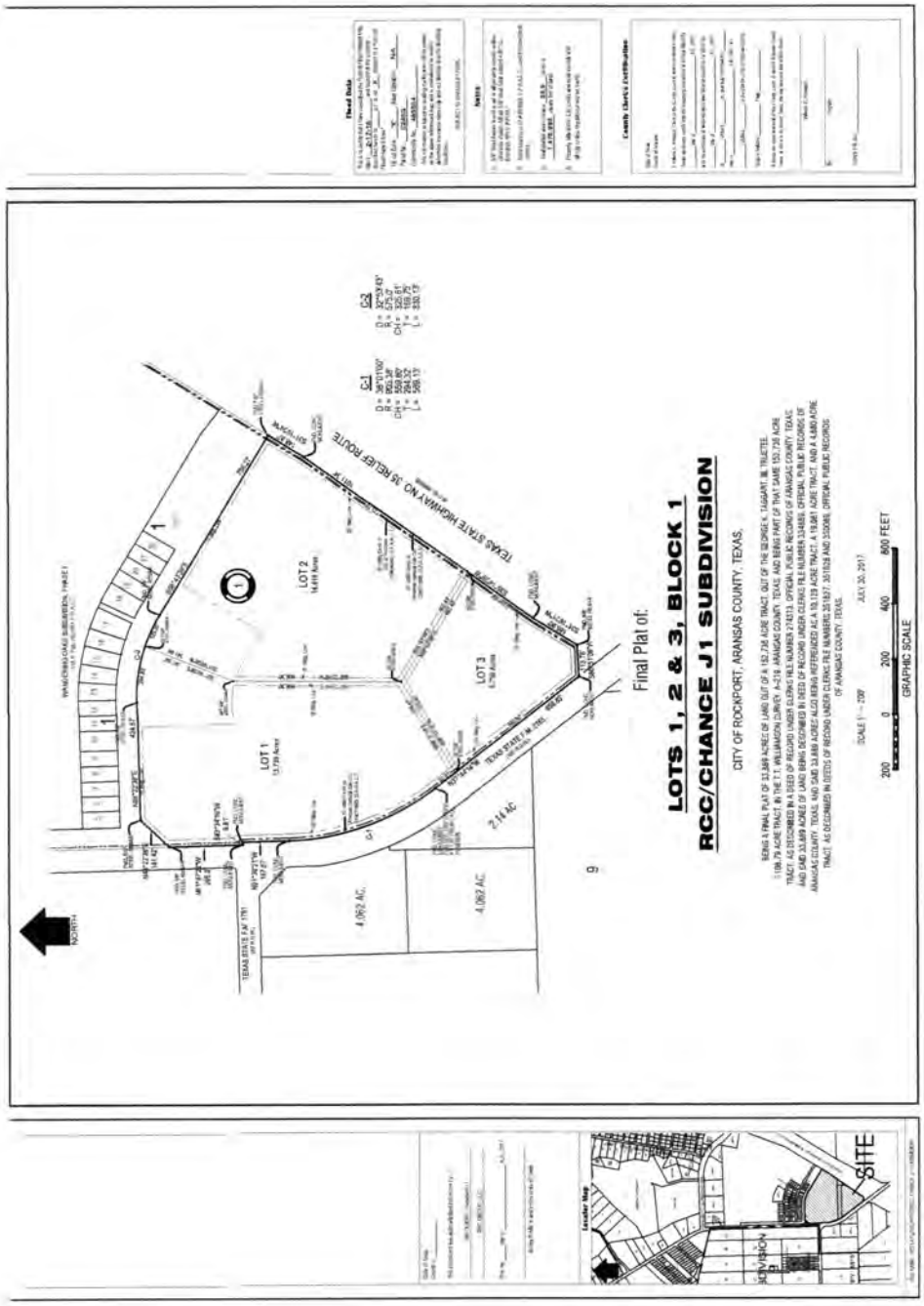
GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 13th day of February 2019.

[seal] RUBY BEAVEN
Notary Public, State of Texas
Comm. Expires 05-03-2020
Notary ID 128976063

Notary Public, State of Texas

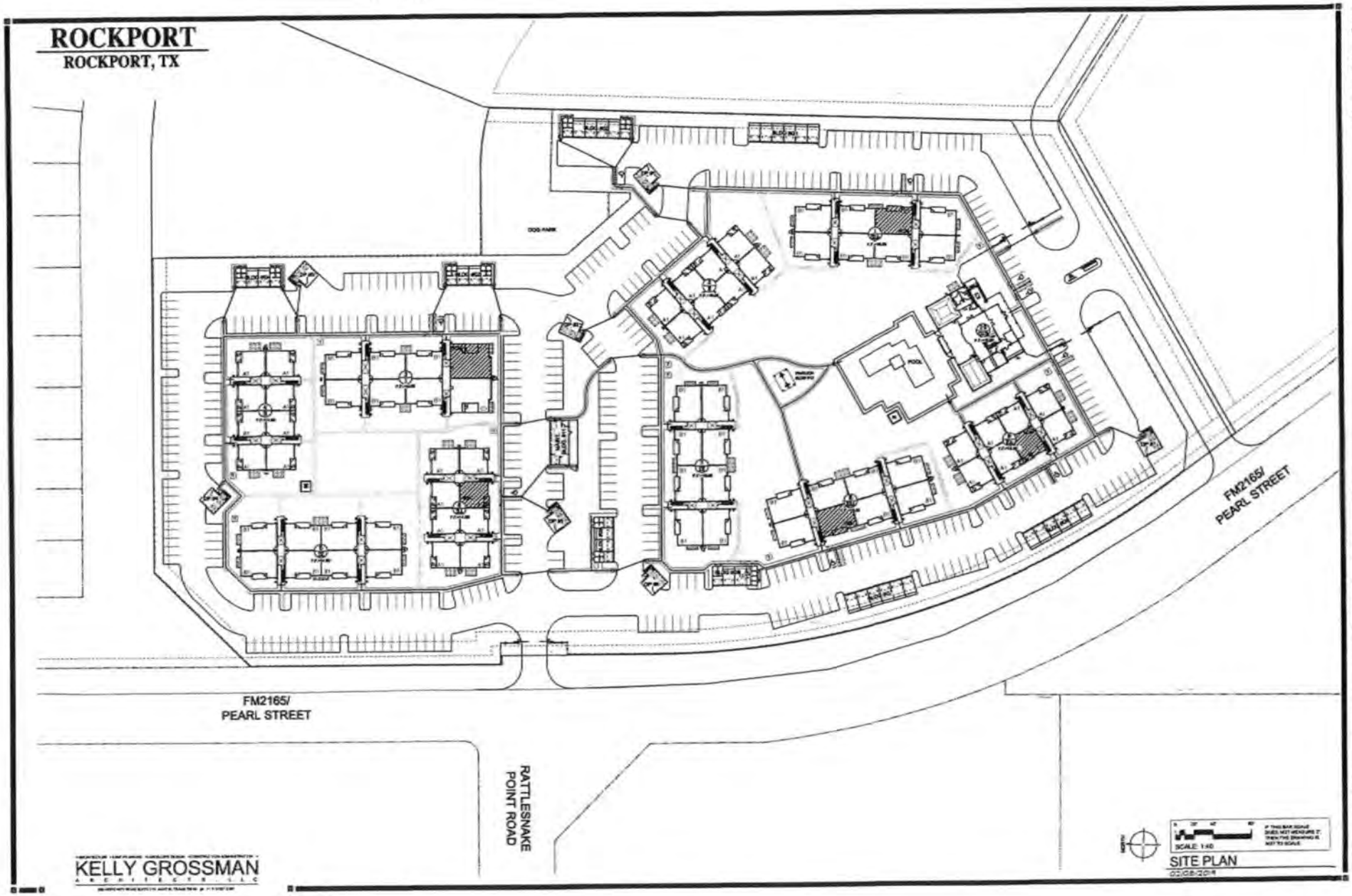
File No. 0000366780
County Clerk, Aransas County, Texas

EXHIBIT "A"



File No. 0000366780
County Clerk, Aransas County, Texas

EXHIBIT "B"



File No. 0000366780
County Clerk, Aransas County, Texas

EXHIBIT "B"

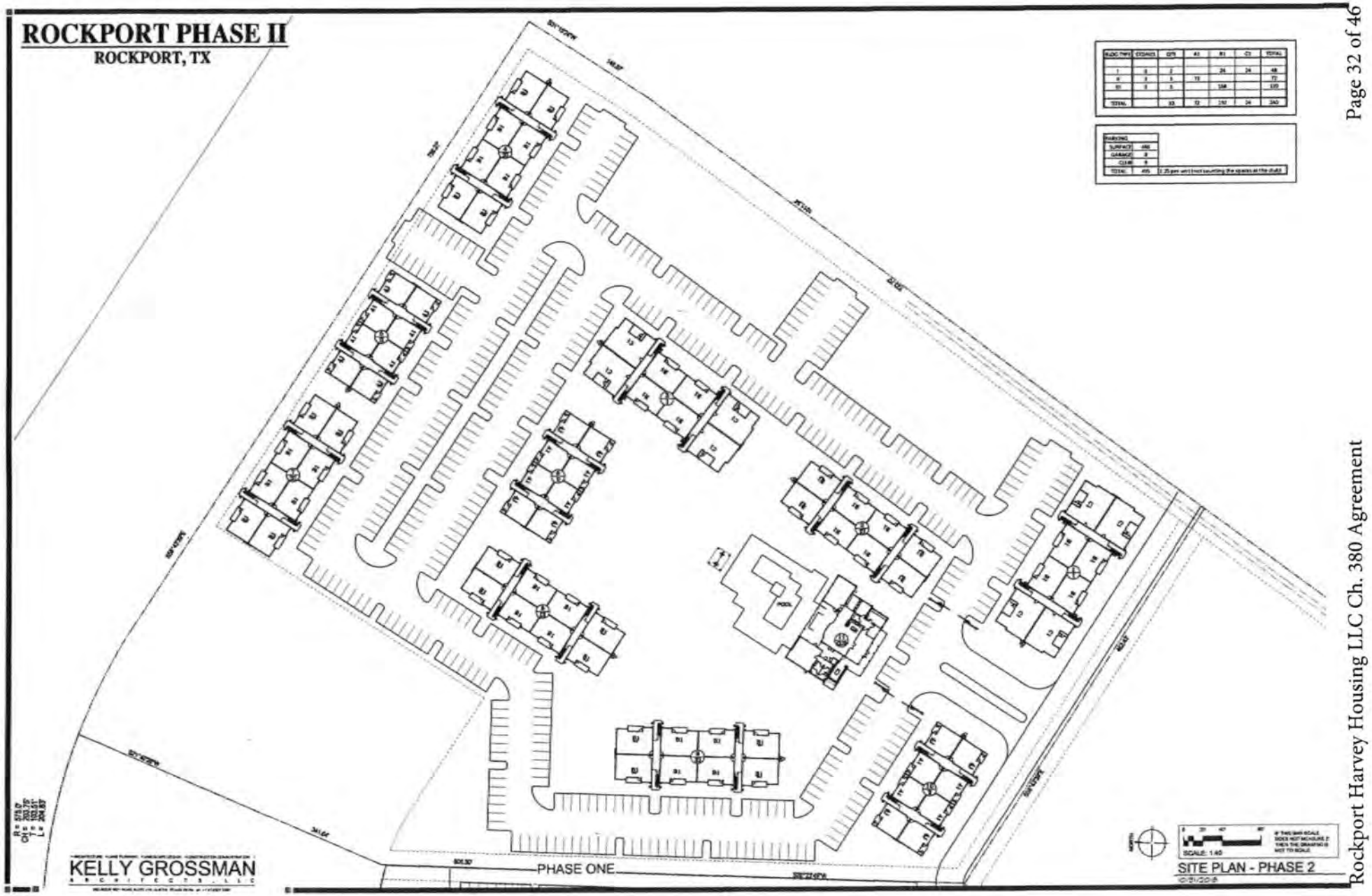
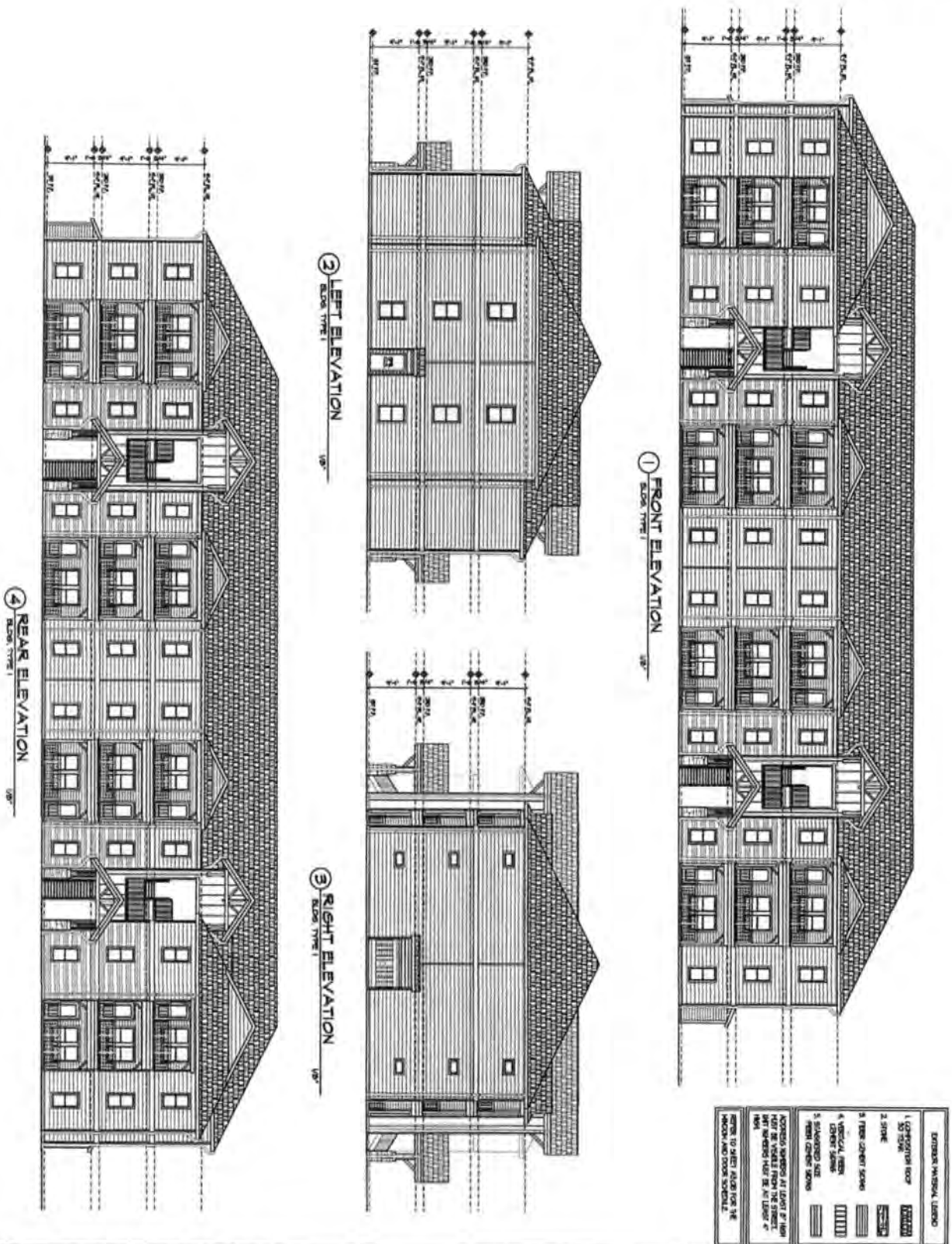


EXHIBIT "C"

File No. 0000366780
County Clerk, Aransas County, Texas



290

EXHIBIT "C"

File No. 0000366780
County Clerk, Aransas County, Texas

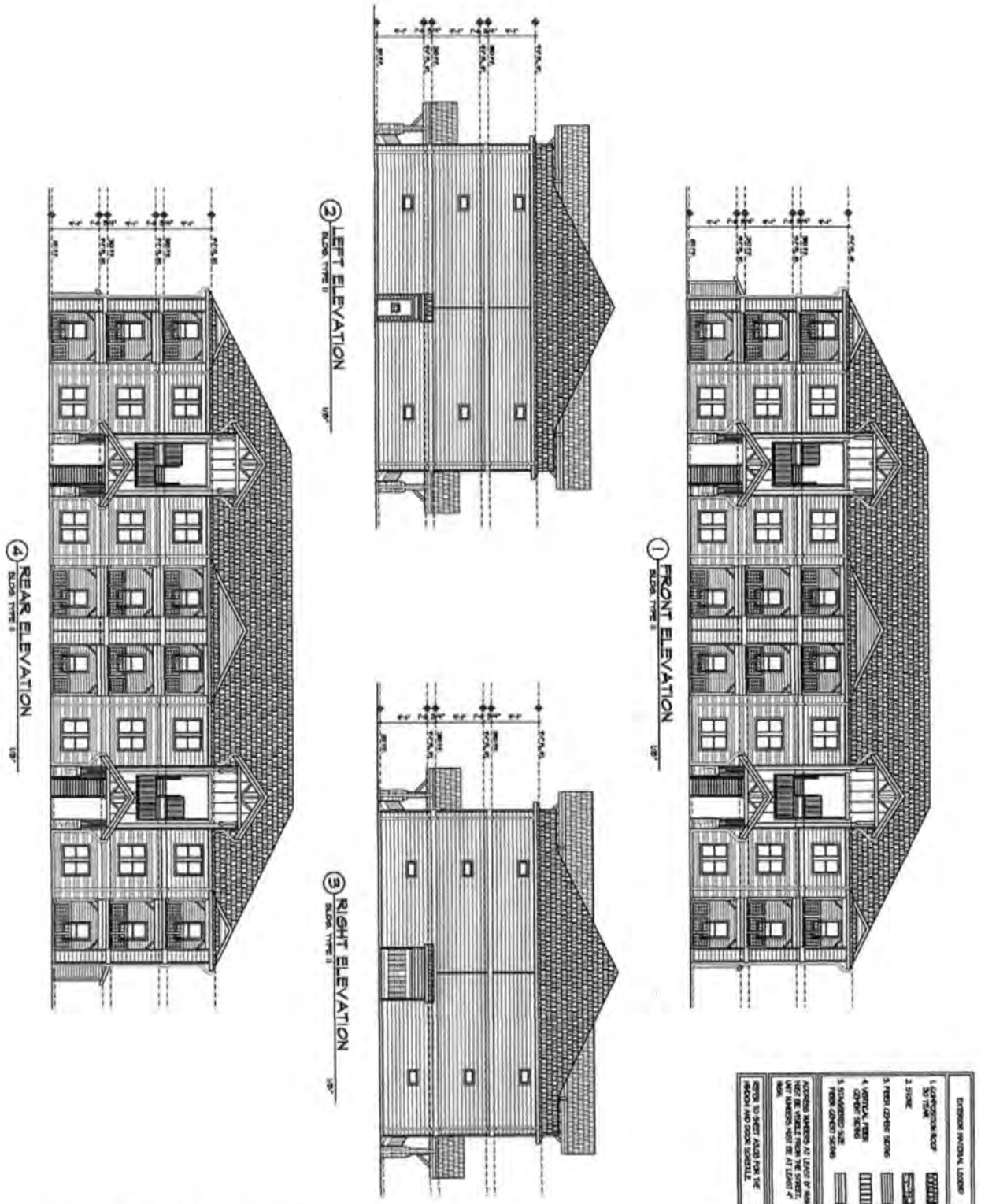
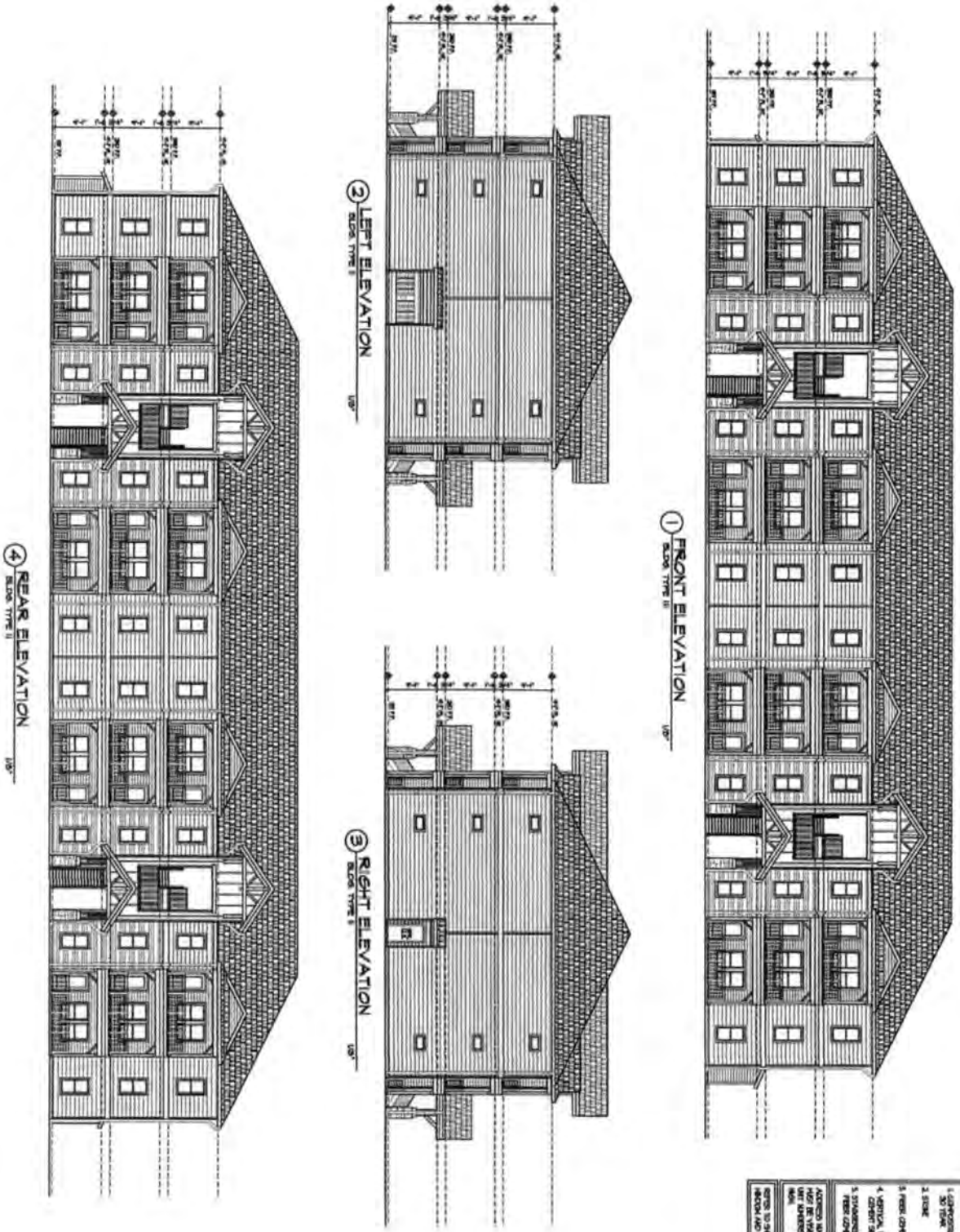


EXHIBIT "C"

File No. 0000366780
County Clerk, Aransas County, Texas



EXTERIOR MATERIAL LEGEND

1. COMPOSITION ROOF SHINGLES
2. STONE
3. FIBER CEMENT SIDING
4. VERTICAL FIBER CEMENT SIDING
5. STANDARD SIZE FIBER CEMENT SIDING

ADDRESS NUMBERS AT LEAST 3" HIGH MUST BE VISIBLE FROM THE STREET. UNIT NUMBERS MUST BE AT LEAST 4" HIGH.

REFER TO SHEET A5.00 FOR THE DOOR AND DOOR SCHEDULE

DRAWN BY:
CHECKED BY: JK
PROJECT NO.: 18-225
PROGRESS PRINT
1/29/19
ROCKPORT HARVEY HOUSING, LLC
2900 TRAVIS 300
ROCKPORT, TX 78382

KELLY GROSSMAN
ARCHITECTS
Copyright

THE RESIDENCES AT PEARL POINT
ADDRESS: ROCKPORT, TX

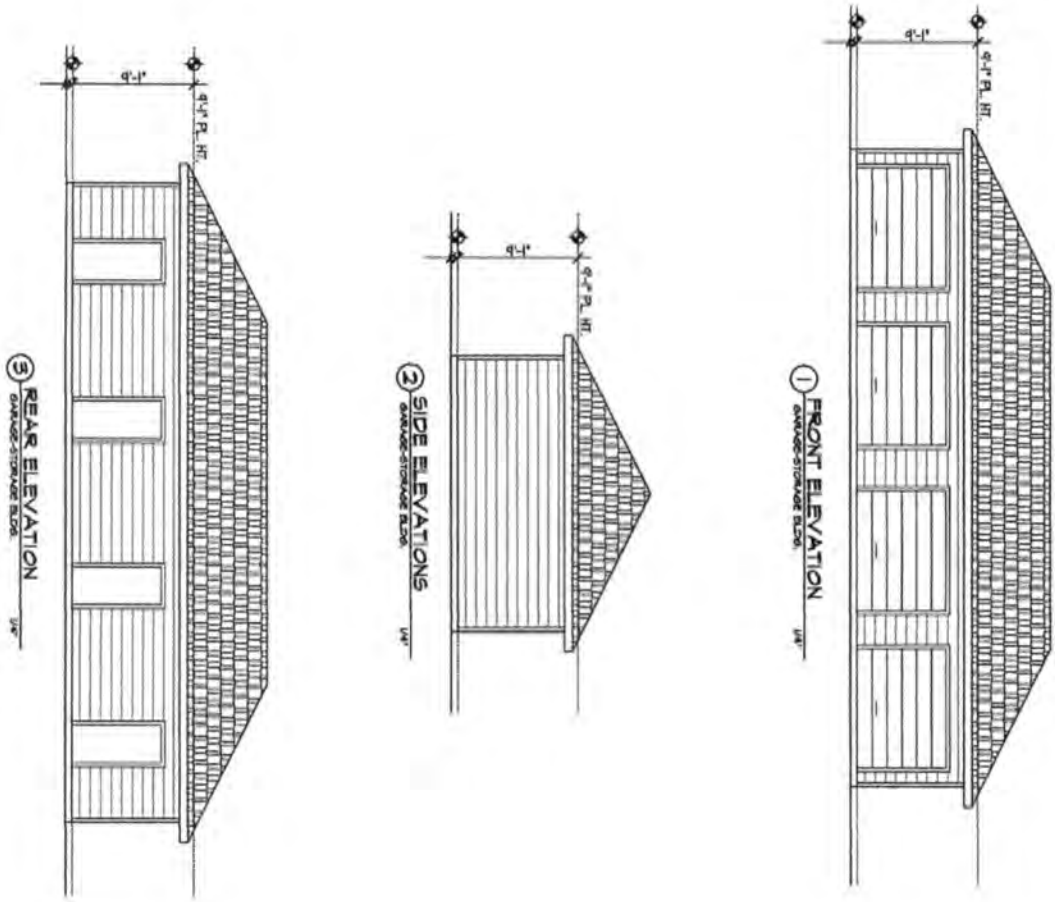
REVISIONS	DESCRIPTION	DATE	DWG. NAME	ISSUED FOR CONST.	ISSUED FOR BID	ISSUED FOR PERMIT				
	BLDG. TYPE III ELEVATIONS	1/29/19	A4.35							

SHEET A4.35

292

EXHIBIT "C"

File No. 0000366780
County Clerk, Aransas County, Texas



EXTERIOR MATERIAL LEGEND

1. COMPOSITION ROOF SHINGLES
2. STONE
3. FIBER CEMENT SIDING
4. VERTICAL FIBER CEMENT SIDING
5. STANDARD SIZE FIBER CEMENT SIDING

ADDRESS NUMBERS AT LEAST 6" HIGH MUST BE VISIBLE FROM THE STREET. MAILBOX NUMBERS MUST BE AT LEAST 4" HIGH.

REFER TO SHEET A0.00 FOR FIRE RESCUE AND DOOR SCHEDULE

PROGRESS PRINT

ROCKPORT HARVEY HOUSING, LLC
2800 TRAYLOR BLVD.
ROCKPORT, TX 78382

KELLY GROSSMAN
ARCHITECTURE

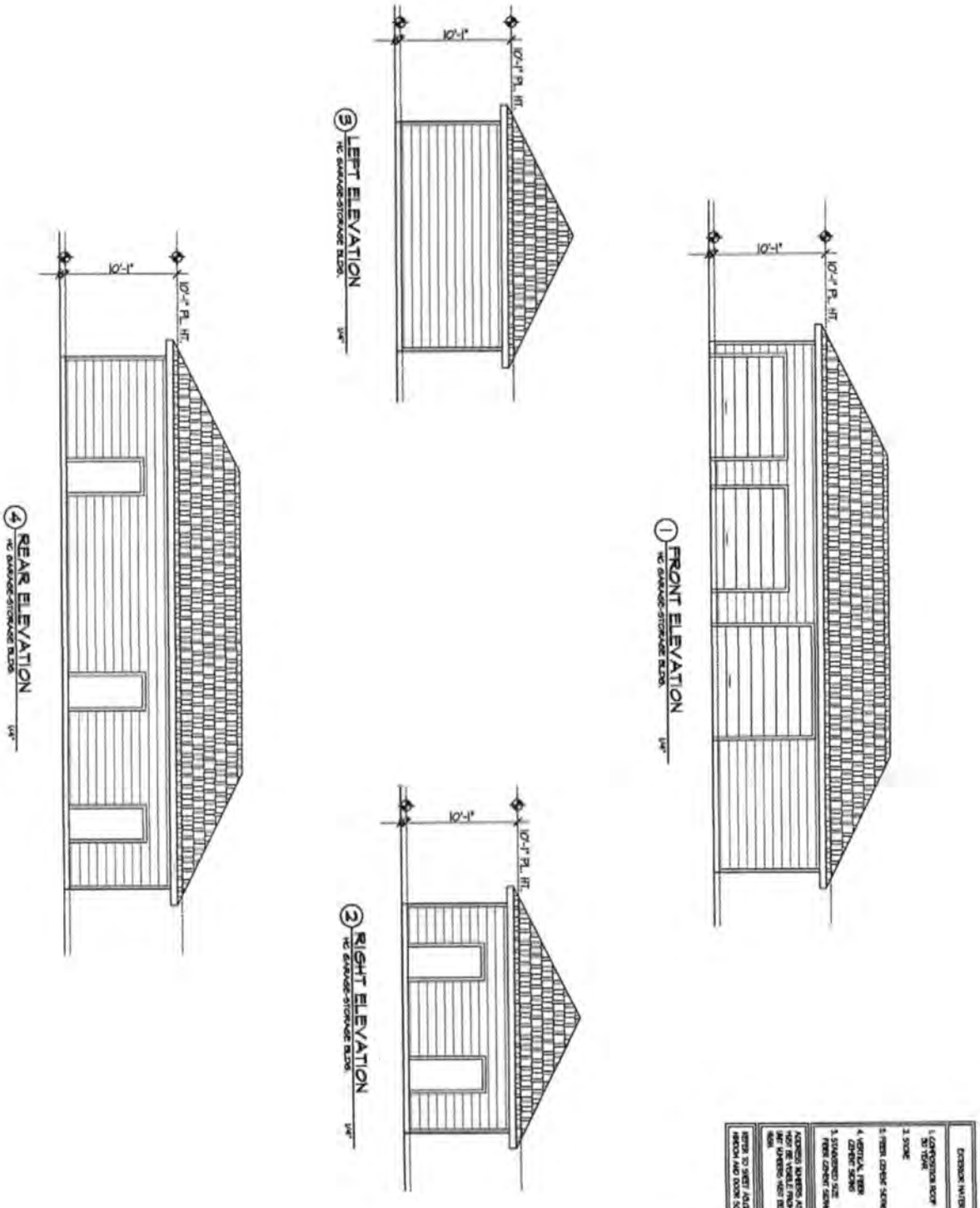
THE RESIDENCES AT PEARL POINT
ADDRESS: ROCKPORT, TX

DRAWN BY:	JG
CHECKED BY:	JK
PROJECT NO.:	18-3271

REVISIONS	DESCRIPTION	DATE	DWG. NAME	SHEET
ISSUED FOR PERMIT				
ISSUED FOR BID				
ISSUED FOR CONST.				
GARAGE-STORAGE BLDG. - ELEVATIONS				A4.53

EXHIBIT "C"

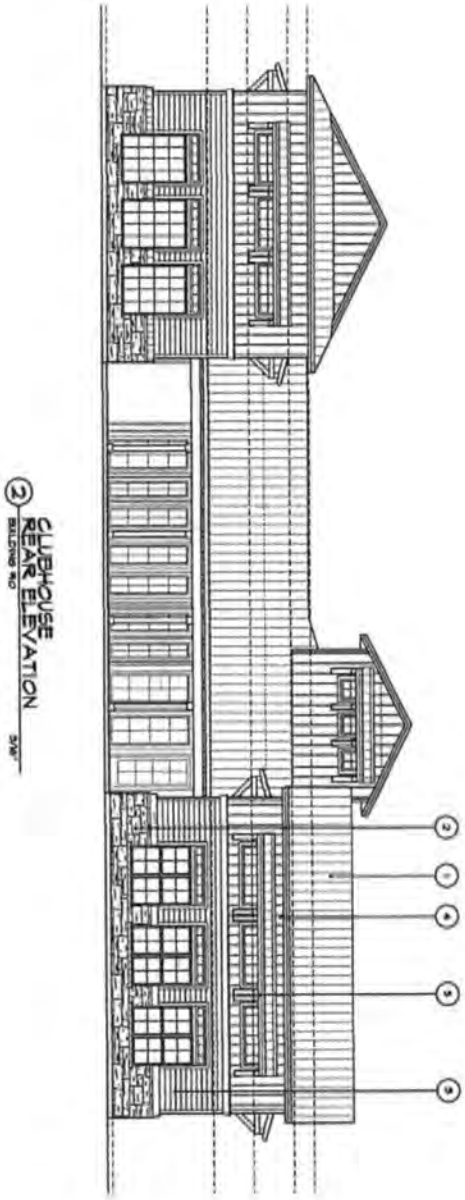
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File No.
County Clerk, Aransas County, Texas



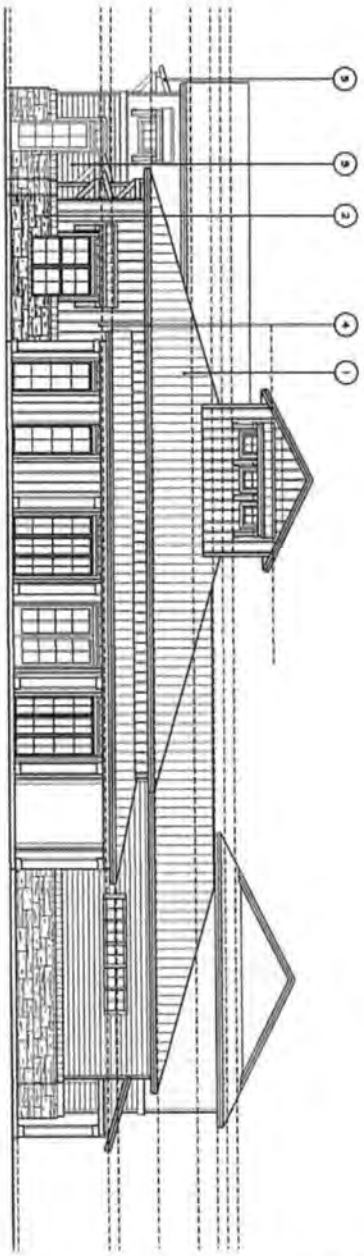
THE RESIDENCES AT PEARL POINT
ADDRESS: ROCKPORT, TX
KELLY GROSSMAN
ROCKPORT HARVEY HOUSING, LLC
PROGRESS PRINT
DRAWN BY: JC
CHECKED BY: JK
PROJECT NO.: 18-2273
SHEET: A4.03
DESCRIPTION: HC GARAGE-STORAGE BLDG - ELEVATIONS
DATE: 1/29/19
DWG. NAME: A4.03
ISSUED FOR CONST.
ISSUED FOR BID
ISSUED FOR PERMIT
REVISIONS

EXHIBIT "C"

File No. 0000366780
County Clerk, Aransas County, Texas



② CLUBHOUSE REAR ELEVATION
BUILDING NO

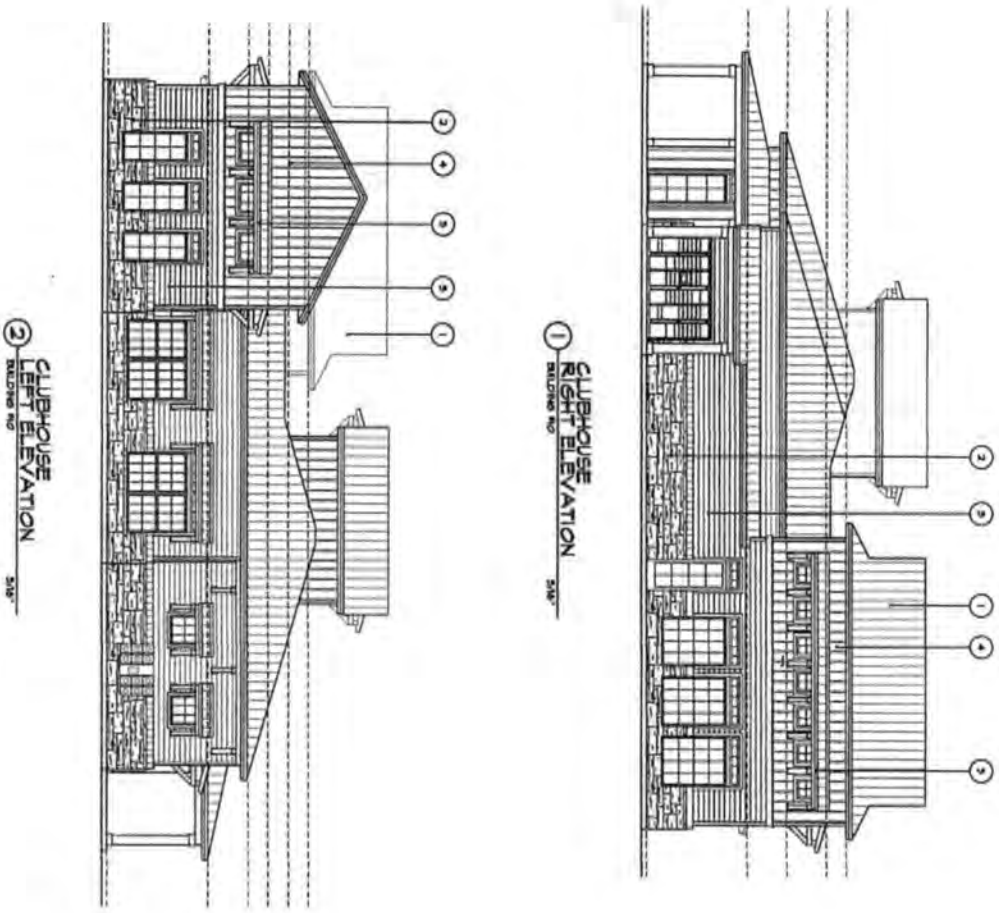


① CLUBHOUSE FRONT ELEVATION
BUILDING NO

THE RESIDENCES AT PEARL POINT
ADDRESS: ROCKPORT, TX

KELLY GROSSMAN

File No. 0000366780
County Clerk, Aransas County, Texas



THE RESIDENCES AT PEARL POINT
ADDRESS: ROCKPORT, TX

KELLY GROSSMAN

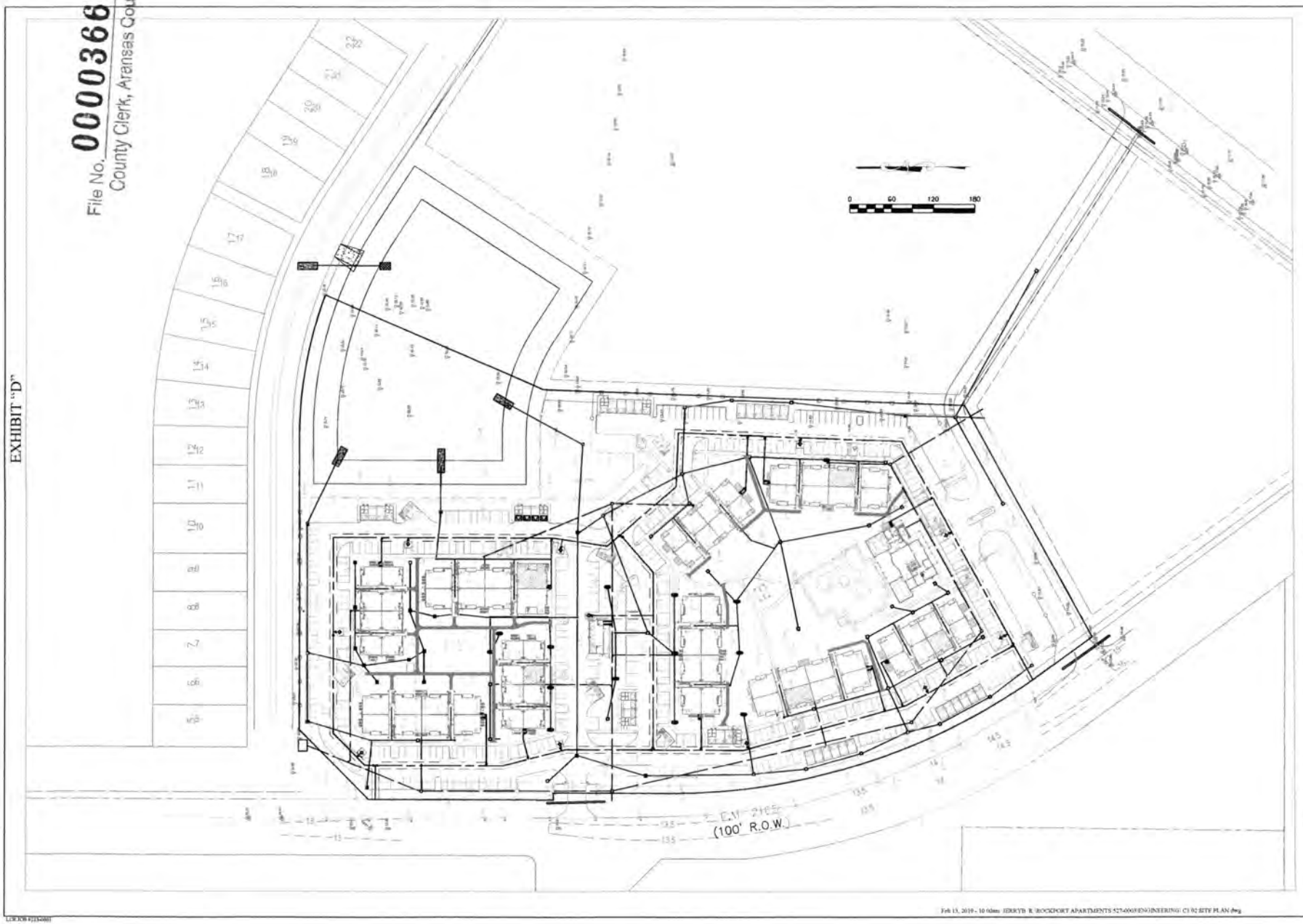
ROCKPORT, BAYSIDE HOUSING, LLC

PROGRESS PRINT

SHEET A5.6A

File No. 000036780
County Clerk, Aransas County, Texas

EXHIBIT "D"



BENCHMARK:
MAG NAIL SET IN PAVEMENT AT N 13209980.745,
E 2580531.067,
ELEV 13.61, NAVD 88

FLOODPLAIN NOTE:
THIS TRACT LIES ENTIRELY IN ZONE X UNSHADED, OUTSIDE THE 100 YEAR FLOODPLAIN ON FEMA FIRM NO. 48007C0240G, EFFECTIVE FEBRUARY 17, 2016

REVISIONS

DATE	DESCRIPTION

LIPPKE CARTWRIGHT & ROBERTS INC
CONSULTING ENGINEERS

PEARL POINT
APARTMENTS

ROCK PORT, TEXAS

OVERALL SITE PLAN

SCALE		DESIGNED BY:	AJB
HORIZONTAL	1" = 60'	DRAWN BY:	AJB
VERTICAL		CHECKED BY:	
		DATE:	
		JOB NO:	527-0003
		DWG. NO:	
		Sheet:	2 of 16

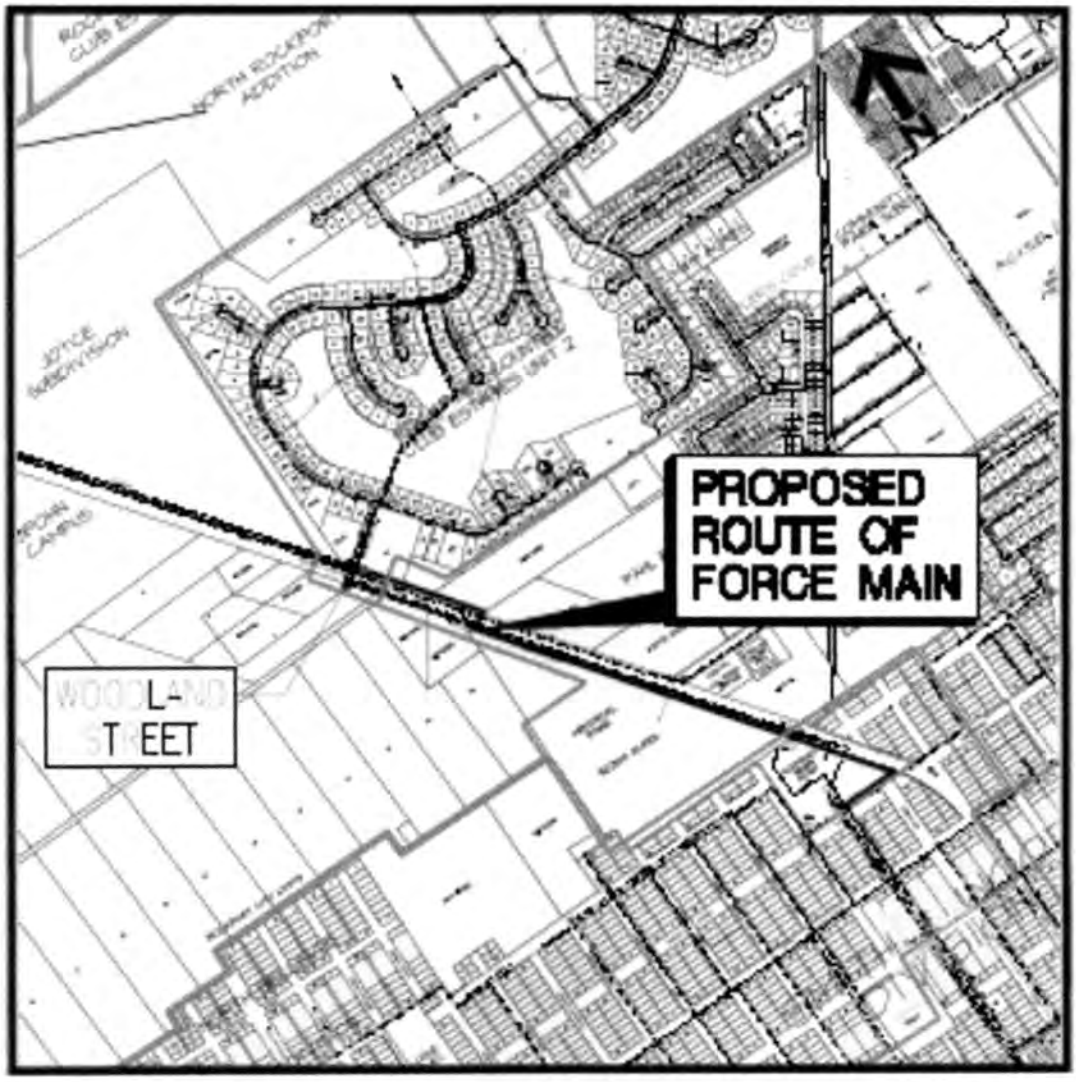
Feb 15, 2019 - 10:04am JERRYB R:\ROCKPORT APARTMENTS 527-0003\ENGINEERING\ C1 02 SITE PLAN.dwg

Packet Pg. 396 Attachment: Resolution 11 (3) (Resolution Supporting Application for Low Income Housing Tax Credits)

EXHIBIT "E"

File No. 0000366780
County Clerk, Aransas County, Texas

NEW 16" FORCE MAIN
WOODLAND ST. TO WWTP
ROCKPORT, TEXAS



PROJECT LOCATION MAP
SCALE: N.T.S.

EXHIBIT "F"

File No. 0000366780
County Clerk, Aransas County, Texas

WRITTEN CONSENT
ACTION OF THE MANAGERS OF
ROCKPORT HARVEY HOUSING, LLC

The undersigned managers (the "Managers") of Rockport Harvey Housing, LLC, an Iowa limited liability company (the "Company"), acting pursuant to the provisions of Iowa Code Chapter 489, do hereby acknowledge and consent that the Resolution set forth below shall constitute a legal resolution of the Company.

Resolution 2019-1 – Authorization to Execute 380 Agreement with City of Rockport, Texas.

RESOLVED, that either of the managers shall be authorized to sign the 380 Agreement with the City of Rockport, Texas as approved by the Rockport City Council on January 31, 2019.

This Unanimous Written Consent may be executed in one or more counterparts, and any counterpart may be executed and delivered through facsimile transmission.

Dated as of February 7, 2019.

ROCKPORT HARVEY HOUSING, LLC

By: Mark Uhr
Co-Manager

By: John Frew
Co-Manager

EXHIBIT "G"

File No. 0000366780
County Clerk, Aransas County, Texas

Back to Dashboard (/)

Iowa Secretary of State
321 East 12th Street
Des Moines, IA 50319
sos.iowa.gov

FILED

Date:	**6/1/2018 09:48 AM**
Corp No:	**572574**
Cert No:	**FT0000790**

Certificate of Organization - LLC

Information

CODE 489 DOMESTIC LIMITED LIABILITY COMPANY
Chapter

Rockport Harvey Housing, LLC
Entity Name

6/1/2018 10:00:00 AM
Effective Date and Time

Perpetual
Expiration Date

Rockport Harvey Housing Certificate of Organization.pdf (/Uploads/Filings/20180601/76b35a43-f58d-44e2-88e3-de392d8dcb56.pdf)
Upload PDF

Registered Agent and Registered Office Address

EXHIBIT "G"

Matthew J. Hektoen
Full Name

File No. 0000366780
County Clerk, Aransas County, Texas

115 Third Street SE
Address1
Suite 1200
Address2

Cedar Rapids
City
IA
State
52401
Zip
USA
Country

Principal office

2811 Wiley Blvd SW
Address1
Suite K
Address2

Cedar Rapids
City
IA
State
52404
Zip
USA
Country

Signature(s)

Matthew J. Hektoen
Organizer
6/1/2018 9:43:43 AM
Date

Questions:
Email: **ftf@sos.iowa.gov (mailto:help@sos.iowa.gov)**
Phone: **1-888-767-8683 (tel:1-888-767-8683)**

EXHIBIT "G"

IOWA SECRETARY OF STATE
PAUL D. PATE

File No. 0000366780
County C ansas County, Texas

CERTIFICATE OF EXISTENCE

Date: 2/7/2019

Name: ROCKPORT HARVEY HOUSING, LLC (489DLC - 572574)
Date of Incorporation: 6/1/2018
Duration: PERPETUAL

I, Paul D. Pate, Secretary of State of the State of Iowa, custodian of the records of incorporations, certify the following for the limited liability company named on this certificate:

a. The entity is in existence and duly incorporated under the laws of Iowa.
b. All fees, taxes and penalties required under the Revised Uniform Limited Liability Company Act and other laws due the Secretary of State have been paid.
c. The most recent biennial report required has been filed with the Secretary of State.
d. The Secretary of State has not administratively dissolved the limited liability company.
e. The Secretary of State has not filed either a statement of dissolution or statement of termination.

Certificate ID: **CS163872**

To validate certificates visit:
sos.iowa.gov/ValidateCertificate

Paul D. Pate, Iowa Secretary of State

EXHIBIT "G"

File No. 0000366780
County of Aransas County, Texas

Franchise Tax Account Status

As of : 02/07/2019 18:30:15

This Page is Not Sufficient for Filings with the Secretary of State

ROCKPORT HARVEY HOUSING, LLC	
Texas Taxpayer Number	32068696213
Mailing Address	3001 TRAYLOR BLVD ROCKPORT, TX 78382-6847
Right to Transact Business in Texas	ACTIVE
State of Formation	IA
Effective SOS Registration Date	10/18/2018
Texas SOS File Number	0803144641
Registered Agent Name	MARK F. UHR
Registered Office Street Address	3001 TRAYLOR BLVD. ROCKPORT, TX 78382

FILED FOR RECORD IN
OFFICIAL PUBLIC RECORDS

AT 1:28 P. M. 46/2100 pd.

INDEXED

MAR 13 2019

(3)

STATE OF TEXAS – COUNTY OF ARANSAS
I hereby certify that this Instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the OFFICIAL PUBLIC RECORDS of ARANSAS COUNTY,TEXAS, as stamped hereon by me.

Valerie K. Amason
VALERIE K. AMASON, COUNTY CLERK,
ARANSAS COUNTY, TEXAS

✓ City of Rockport
Call Teresa when ready

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, May 25, 2021

AGENDA ITEM: 21

Deliberate and act on payment to Gexa Energy for ancillary services and nodal basis adjustment to electric energy costs related to Winter Storm Uri.

SUBMITTED BY: Katie Griffin, Director of Finance

APPROVED FOR AGENDA: PKC

BACKGROUND: Winter Storm Uri, the extraordinary February winter storm event, has resulted in unprecedented energy and ancillary charges ever experienced by electric consumer in ERCOT. As a member of Texas Coalition for Affordable Power (TCAP), that is serviced by Gexa Energy (TCAP's Retail Electricity Provider), energy costs remained stable through out the winter storm. However, the impact of Winter Storm Uri resulted in higher than anticipated ancillary services costs that were billed to the City under the "Ancillary Services and Nodal Basis Adjustment" as specified in the Commercial Electricity Service Agreement between the City and Gexa Energy (executed 3/9/16).

The total additional costs of the ancillary services and nodal basis adjustment, Storm Recovery Amount, equals $124,346.57. Gexa has requested the City choose one of three payment options no later than May 21, 2021, with the lump sum payment being due on 5/31/21 or the first monthly payment due on the monthly electric bill due June 25th.

Gexa has provided three payment options:

Payment Option	Due Date	Payment Amount/Frequency	Total Amount
Default Option: Monthly Payments Jun 2021 – Dec 2022	Monthly statement – 25th of month	$6,692.26/mo	$127,152.94
Alternate Option 1: Lump Sum	5/31/21	$124,346.57/one-time	$124,346.57
Alternate Option 2: Monthly Payments Jun 2021 – Dec 2028	Monthly statement – 25th of month	$1,861.88/mo	$169,431.08

Gexa required a response from the City by May 21, 2021 as to the City's repayment election. Staff advised Gexa that it would act on Alternate Option 1: Lump Sum. If a different direction for payment is provided by the City Council, Staff has the option to revise the selection with Gexa. The balance of $124,346.57 has been submitted by City staff to FEMA as a Category B-Emergency Protective Measures item for reimbursement. The current FEMA response has not been

encouraging, but with numerous municipalities and over $31M in Storm Recovery charges for ancillary services and nodal basis adjustments statewide, FEMA may revise their response and aid Rockport and other communities.

If FEMA does not provide reimbursement, alternative funding avenues identified include use of the Community Disaster Loan or use of Fund Balance in the Utility Fund and/or General Fund.

FISCAL ANALYSIS: Winter Storm Uri resulted in extraordinarily high ancillary service costs for electricity in the total of $124,346.57. Gexa Energy provided three payment options. Choosing Alternate Payment Option 1 (paying the entire amount at once) saves the City $1,978.83 over the Default Option (breaking the payments up over the remainder of our current contract) and saves $44,967.38 over the Alternate Payment Option 2 (paying out the amount owed over the remainder of the current agreement plus the entirety of the new agreement. The Lump Sum option is for the exact amount of the Storm Recovery amount, reducing future impact on City operating budgets and saving the expense of interest and fees for what is essentially a loan from Gexa.

RECOMMENDATION: Staff recommends approval of Alternate Payment Option 1: Lump Sum of $124,346.57 to Gexa Energy for ancillary services and nodal basis adjustment to electric energy costs related to Winter Storm Uri using CDL proceeds, if reimbursement is not received from FEMA, as presented.

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Gexa ENERGY®



May 7, 2021

Kevin Carruth
City Manager
City Of Rockport
2751 State Highway 35 Bypass
Rockport, TX, 78382

Dear Kevin Carruth:

As you may be aware, the extraordinary February winter storm event has resulted in some of the highest Energy and Ancillary Service charges ever experienced by electric consumers in ERCOT. As a member of the Texas Coalition for Affordable Power ("TCAP") that is served by TCAP's Retail Electricity Provider, Gexa Energy, City Of Rockport's energy costs remained stable throughout the winter storm. However, the storm's impact resulted in higher than anticipated Ancillary Services costs that are billed to you under the "Ancillary Services and Nodal Basis Adjustment" specified in the Commercial Electricity Service Agreement ("CESA") between City Of Rockport and Gexa Energy, LP executed by City Of Rockport on 3/9/2016.

The total additional cost of the Ancillary Services and Nodal Basis Adjustment owed by City Of Rockport ("Storm Recovery Amount") is specified below. Gexa values its relationship with City Of Rockport and understands that the immediate payment of such amount may present unexpected financial hardship. Therefore, per Gexa's existing agreement with TCAP, TCAP has authorized Gexa to recover the Storm Recovery Amount through a monthly surcharge over the remaining term of the current CESA, which runs through December 2022. [1]

Default Option – Monthly Payments through 2022	**Due Date**	**Monthly Charge $** [1]	**Estimated Equivalent Monthly $/kWh Charge** [2]
Storm Recovery Amount Monthly Surcharge	Monthly, starting with invoice for June 2021 usage and continuing through December 2022	$6,692.26	

Gexa also understands that different TCAP members may desire additional payment options based on each member's unique situation. In consideration thereof, Gexa has worked closely with TCAP to create the following alternate payment options.

[1] Note: Some TCAP Members receive multiple energy bills per month for various groups of accounts. If City Of Rockport receives multiple monthly bills, the "February 2021 Storm Recovery" charge will be added to the bill with the ESI ID that typically incurs the highest monthly charges. Also, please note, all charges shown exclude applicable GRT and PUC taxes, which will be applied upon invoice.

[2] Note: The Estimated Equivalent Monthly $/kWh Charge is an estimate of the monthly charge spread over City Of Rockport's total average monthly energy usage for all monthly bills. This metric is shown for illustration purposes only.

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Alternate Payment Option 1: Pay the Storm Recovery Amount in full by May 31, 2021.

Alternate Payment Option 1 – Lump Sum Payment	Due Date	Total Amount $ [1]	Estimated Equivalent Monthly $/kWh Charge [2]
Total Storm Recovery Amount	5/31/2021	$124,346.57	

Alternate Payment Option 2: If City Of Rockport has signed a new Commercial Electricity Service Agreement with Gexa for TCAP's Strategic Hedging Program commencing January 2023 (the "SHP CESA"), authorize Gexa to recover the Storm Recovery Amount through a monthly surcharge through December 2028. You will incur a new monthly surcharge for "February 2021 Storm Recovery" which will appear as a separate line item on your electricity bill beginning with the invoice for the June 2021 billing period that will continue through December 2028. Your monthly "February 2021 Storm Recovery" surcharge under Alternate Payment Option 2 is outlined in the "February 2021 Storm Recovery Agreement" (attached). (Please note: Alternate Payment Option 2 is only available to TCAP Members that have entered into a SHP CESA.) [1]

Alternate Payment Option 2 – Monthly Payments through 2028	Due Date	Monthly Charge $ [1]	Estimated Equivalent Monthly $/kWh Charge [2]
Storm Recovery Amount Monthly Surcharge	Monthly, starting with invoice for June 2021 usage and continuing through December 2028	$ 1,861.88	

Please note: Gexa's Default and Alternate Payment Options have been devised in conjunction with TCAP specifically for TCAP Members and are confidential. City Of Rockport is required to keep the contents of this letter and the associated "February 2021 Storm Recovery Agreement" confidential, subject to Section C of the Terms and Conditions set forth in Attachment A of the CESA.

If City Of Rockport elects Alternate Payment Option 1 above, please inform Gexa via email at TCAP@gexaenergy.com on or before May 21, 2021, and remit payment to Gexa as outlined in the CESA. If City Of Rockport elects Alternate Payment Option 2 above, please inform Gexa by having the attached February 2021 Storm Recovery Agreement signed by an individual with the authority to bind City Of Rockport and returned to TCAP@gexaenergy.com on or before May 21, 2021. As stated above, if you take no action and do not return the signed agreement indicating your election by May 21, 2021, **Gexa will recover the Storm Recovery Amount through a monthly surcharge which will be in effect through December 2022, and this new monthly surcharge shall appear as a separate line item on City Of Rockport's electricity bill beginning with the invoice for the June 2021 billing period.**

If, at any time after May 31, 2021, City Of Rockport wishes to pay down the balance of its February 2021 Storm Recovery Amount, or wishes to extend its payment of the February 2021 Storm Recovery Amount over a different term than the options outlined above, please contact Gexa at the email or phone number below to discuss the amount and timing of any such payoff.

TCAP@gexaenergy.com
1-866-867-7322

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Further, in the event that the Texas Legislature and the PUCT agree to reduce Ancillary Services costs attributable to the February 2021 Storm, Gexa will make a corresponding reduction to any future monthly payments to reflect such reduced costs and/or reimburse City Of Rockport for any over-collection of the principal amount of these increased Ancillary Services charges.

Gexa Energy values City Of Rockport's patronage as well as our long-standing relationship with TCAP. If there are any questions or concerns, please let us know.

Thank you,



Brian Landrum
President, Gexa Energy GP, LLC
General Partner of Gexa Energy, LP

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